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SID
SINGAPORE INSTITUTE OF DIRECTORS

# DIRECTORS' BULLETIN

Quarter 3, 2015

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# Board agenda: Innovation

By **WILLIE CHENG**
Chairman, SID

## DIRECTIONS

Economists believe that 60 to 80 per cent of economic growth comes from innovation and new knowledge. In fact, studies show that innovation is a key driver of organic growth for all businesses regardless of sector or geography.

Yet, very few boards specifically put innovation on their meeting agenda. At best, the topic is a small part of a broader strategy discussion which, more often than not, ends up being about geographic expansion, mergers and acquisitions, and even risk management.

This, of course, is not to say that companies do not pursue an innovation agenda. It is just that the exercise is usually left to management.

However, if it is true that innovation is fundamental to creating value for the company – which the SID has long argued is a key governance mission of the board – then it should feature highly on the board's agenda.

To facilitate such a paradigm shift, we started a regular column on innovation at the beginning of the year. Innovation is also the theme of our flagship SID Directors' Conference on 16 September.

Leading up to the Conference, this issue of Directors' Bulletin focuses on innovation. Professor Jean-Philippe Deschamps of the IMD, a thought leader on "innovation governance", kicks off with the duties of the board in fostering innovation (see page 6).

Three authors share their observations of Singapore companies and their forays into innovation. Dr Suraya Sulaiman and Azim Pawanchik review the state of innovation in Singapore and provide advice on how boards can push the innovation agenda (see page 16); while Scott Anthony looks specifically at how Singapore companies have dealt, and should deal, with disruptive change (see page 22).

Robert Chew continues to uncover new forms of innovation. In this issue, he examines how the new "sharing economy" has disrupted mature industries (see page 20). In another column, "Counting Beans", Yeoh Oon Jin argues that "auditors" and "innovation" are not a contradiction in terms, and explains how auditors should stay relevant by "saying a lot more" in their audit report (see page 32).

For our own staid profession of directorship, perhaps the most recent innovative development that has entered the boardroom is the board portal. Joe Ruck explains its key features (see page 30).

Another development in the corporate governance space that I would argue is innovative – if not, at the very least, ambitious – is the ASEAN Corporate Governance Scorecard. It must be the world's first attempt to effect a common measurement system to assess the corporate governance of publicly listed companies across multiple countries. In this issue, we feature the launch of the 2014/2015 Scorecard and, for the first time, provide the ranking of the top 100 listed companies in Singapore (check out pages 36 to 41).

So, keep innovating, and we hope to see you at the SID Directors' Conference. ■

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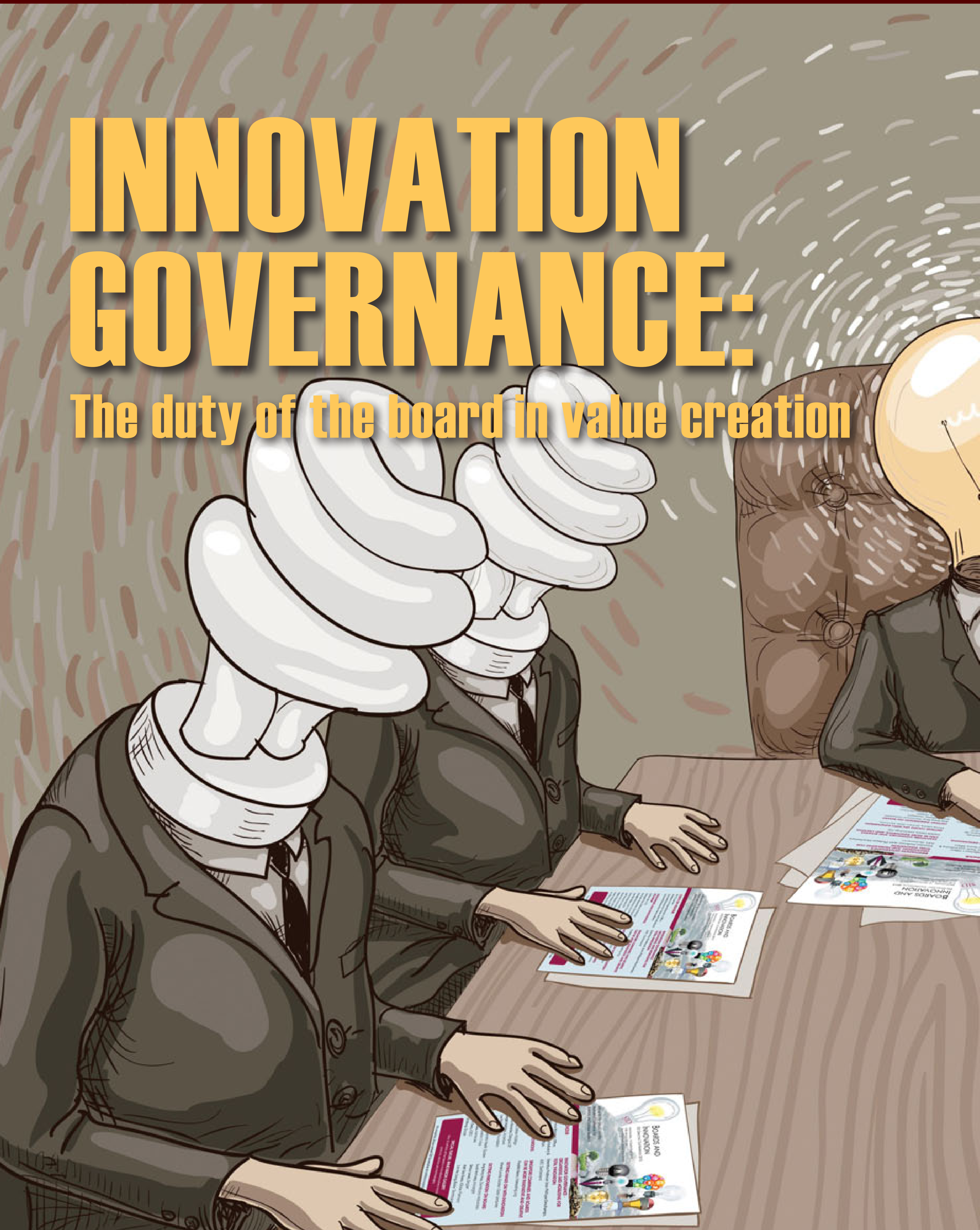
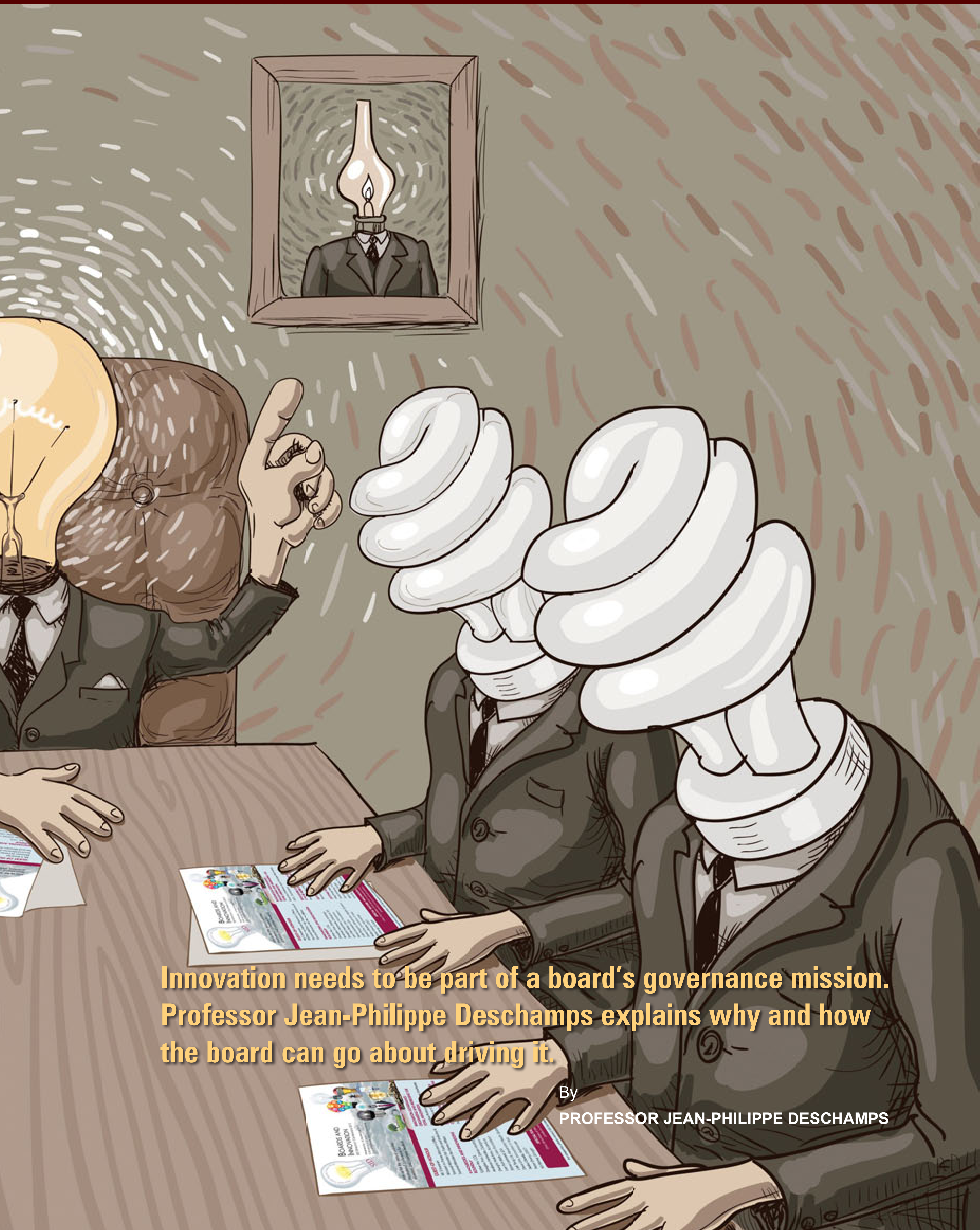




**Innovation needs to be part of a board's governance mission. Professor Jean-Philippe Deschamps explains why and how the board can go about driving it.**

By
**PROFESSOR JEAN-PHILIPPE DESCHAMPS**

Few boards and directors see themselves responsible for driving innovation in their companies. To them, innovation belongs to the realm of management and it is expected that top management should be the one promoting and steering innovation across the organisation.

Besides, boards feel encumbered: board meetings are limited in number and duration, and agendas are often already crowded with statutory corporate governance issues. They recognise that innovation questions tend to be complex with many hard and soft process considerations, all of which cannot easily be addressed or decided upon in a clear-cut manner.

However, in today's fast-paced business environment, innovation is what drives and deliver business value. I would argue that if it is the duty of the board to ensure that a company creates value, then it should be the duty of the board to promote innovation which is key to value creation.

In doing so, the board needs to ensure that innovation is adequately addressed by management while, of course, recognising differences between top management's executive role and the board's governance duties.

## Board and Innovation: From Where Do We Begin?

This should start with an innovation governance framework that defines the scope, mission, focus and implementation of innovation in a company.

The scope of innovation should be sufficiently comprehensive. In many companies, management behaves as if innovation deals only with the development of new technologies and products. It ignores or at least underestimates the importance of other types of innovations. Innovation governance must fight this misapprehension and promote and steer all aspects of innovation.

Defining innovation broadly means that senior managers should:

- Enrich projects through multiple innovations. Beyond just technologies and products, the company should seek to innovate in all aspects of their products, including business model, process, offering and delivery.
- Pay attention to all the specific processes within innovation. This means going beyond the traditional focus of new product development; from the critical, albeit fuzzy upstream processes (market immersion, opportunity identification and idea generation) to the more disciplined downstream processes (product launch, roll out and customer integration).
- Combine top-down and bottom-up innovation. Some companies rely on the bottom-up creativity, imagination and entrepreneurship of their staff. Others favour ambition-driven, top-down innovation. Both are essential and it is important to find the right balance between the two.

A set of policies needs to be established with regards to the scope of innovation and addressing a number of questions dealing with both "content" (projects and initiatives) and "process" (approaches and responsibilities):

**"Content" questions**

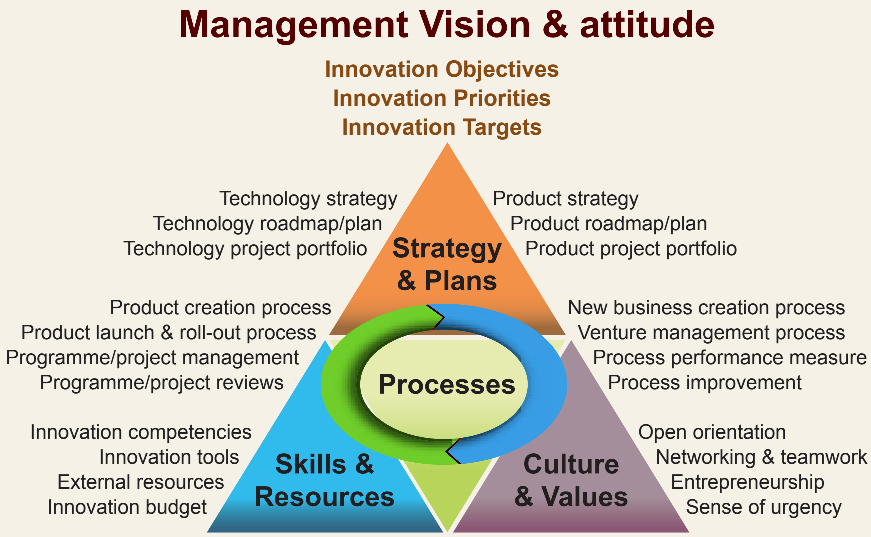
1. Why do we have to innovate in the company? (Innovation mission and objective)
2. Where do we need to place innovation as a priority? (Innovation focus)
3. How much innovation should we go for? (Innovation intensity and funding)

**"Process" questions**

4. How can we innovate more effectively? (Innovation process and climate)
5. With whom should we innovate? (Innovation alliances and partnerships)
6. Who is going to be responsible for what in innovation? (Innovation leadership)

Answering these questions will lead towards framing an effective innovation governance framework for the company (see page 9 on "Innovation Governance System").

## Innovation Governance System




An effective innovation governance system should be geared to handle all facets of a company's innovation agenda.

It starts with a top management vision and attitude regarding innovation and the setting of broad innovation objectives and priorities. It should also cover:

1. The company's strategies and plans regarding new products and technologies;
2. Its processes, for the creation and the launch of new products and services, as well as for venturing into new businesses;
3. Its culture and values; and
4. Its resources in terms of people, skills and budgets.

These innovation dimensions must be mutually compatible and reinforcing as illustrated in the diagram above.

However, the innovation governance reality in many companies is that it does not cover such a broad scope. Most companies evolve through these various dimensions as they progressively try to unleash and master innovation as a management discipline.

Three broad maturity phases in the evolution of governance practices can thus be observed:

- First phase: Companies start with a focus on processes. It usually begins with the implementation of a formal and phased review process with a number of "project gates". Then comes the appointment of fully empowered project leaders and the mobilisation of relatively autonomous innovation teams.

- Second phase: This occurs when management, after streamlining deficient processes, starts formally addressing the content of its innovation efforts, generally through strategy questions and portfolio management considerations. This phase requires the strong personal involvement of the top management team and the creation of different organisational mechanisms to manage the choices.

- Third phase: This stage of maturity is reached when the top management team expands the scope of its innovation governance system to take a more holistic view of innovation and the creation of new businesses. This only happens when the top team considers innovation as a must have competitiveness factor and growth driver, not just a nice to have. In this phase, management will consider all factors – "hard" and "soft" – and gives innovation the highest priority in resource allocation.

### Board's Duties and Effect on Innovation

Once the board is bought over that it is in its governance duty to promote innovation and ensure that management adequately addresses it, it is then timely to focus on the key areas in governance duties. Here are five areas that have potential impact on innovation:

- Audit of the company's innovation effectiveness
- Review of the company's innovation strategy
- Review of corporate innovation performance
- Management of the risks of innovation
- Appointment of CEO and top management with innovation focus

### Auditing Innovation Effectiveness

Besides their traditional focus on financial audits, boards are gradually extending the range of their supervisory auditing missions. These include looking at environmental performance scorecards and employee engagement surveys.

In companies for which innovation is critical, innovation should be added to the list of the board's auditing missions. It is within the legitimate role of the board to ask top management to set a small number of critical innovation effectiveness measures which it can regularly review and discuss with management.

These measures typically are input and output indicators to be compared with accepted industry benchmarks. For technology-intensive companies, the indicators include the level of R&D expenditures in absolute terms and as a percentage of sales. Another frequently measured innovation output indicator is the percentage of sales achieved through products introduced in the past several years (timeline are in line with the natural product renewal rate of the industry).

The challenge for the board and for management – and this applies to most performance indicators – is to select only a small number of relevant indicators worth reviewing, and to make sure these indicators are regularly changed in line with the company's progress. This should result from in-depth discussions by the board with management on the company's main innovation challenges, opportunities, and deficiencies.

### Reviewing Innovation Strategies

Boards generally rate highly their role as company strategy reviewers. At the very least, they are informed by the CEO of the major strategic issues faced by the company and of the choices proposed by management to address them. These strategic issues often come up and are discussed with major investment decisions for which board approval is required. In some cases, boards have off-site strategy "retreats" together with management.

Despite their general involvement in strategy, boards often lack opportunities to discuss innovation strategy issues in detail, at least in a regular or structured way. It could be that innovation strategies are not always formulated explicitly by management in a way boards can apprehend and rapidly assimilate.

Yet, as part of its strategy review mission, at the very least, the board should ensure that top management communicates its views and intent in the following four areas:

1. How it rates the strategic importance of innovation for its business and where it expects major innovations to emerge;
2. How that might change in the future in terms of intensity and focus, and what it means for the company;
3. How it plans to meet future market demands for more innovative offerings and for better and cheaper new products and services;
4. How it plans to invest in innovation, not just in R&D, to boost its innovation performance.

However, the board is entitled to go further and expect management to communicate its actual priorities and provide an estimate of the resources the company is planning to invest by type of innovation. Management should recognise these four broad generic innovation thrusts for prioritising:

1. Internal development of incrementally new and improved, "next generation" products, processes or services;
2. Internal development of radically new categories of products processes or services;
3. Development, together with partners and/or "complementors", of a radically new business model or system;
4. Development together with partners and/or "complementors" of incrementally new customer solutions.

The board needs to know where, how much and how management intends to invest in these four broad strategic innovation categories and to review how the company is progressing in each of these areas.

**The challenge for the board and for management – and this applies to most performance indicators – is to select only a small number of relevant indicators worth reviewing, and to make sure these indicators are regularly changed in line with the company's progress. This should result from in-depth discussions by the board with management on the company's main innovation challenges, opportunities, and deficiencies.**

## Assessing Innovation Performance

A critical role of the board is to evaluate the performance of top management to decide on compensation packages and CEO succession. To do this, some companies have elaborate and sophisticated formulas. CEO scorecards usually combine financial targets – such as company growth, profitability and stock price – with other qualitative or quantitative measures or specific goals pertaining to the company's strategic initiatives and priorities.

Companies which depend on the introduction of critical, say "make or break" new products – think Boeing with its 787 Dreamliner – generally include the results of these large projects in the board's deliberation. In these companies, the board is most likely making the compensation packages of the CEO and the top management team contingent on the successful completion of critical milestones. However, for many other companies, innovation results are not explicitly part of the CEO's balanced scorecard. It is only included in other, more general, performance indicators like growth or market share gains.

This is why it is desirable, at least in innovation-oriented companies, to evaluate the top management team and the CEO also on the few innovation performance indicators that they will have suggested to the board as the result of their audit.

## Managing Innovation Risks

Boards have a fiduciary responsibility vis-à-vis shareholders as the ultimate guardians of the company's risks. In most cases, the risks that boards scrutinise are financial in nature. In certain industries and companies, other risks such as environmental and political risk are reviewed. In some industries such as pharmaceutical, product liability and class-action risks are important subjects of board review.

Rarely, however, are risks related to innovation identified. Yet, these risks can, in certain cases, bring a company down. Take, for example, the fate of Kodak with the emergence of digital photography.

Innovation risks may be internal, or external.

An example of internal risk is when the company bets its future on a totally new and untested technology or a risky and uncertain product concept. Managing this type of risk requires a sufficient understanding by the board of the two elements of that risk: the nature and level of the uncertainty, and the exposure at risk. In the banking industry, for example, it would appear that neither senior bank managers nor board members were fully aware of the risks introduced by the new and complex derivative products conceived by some of their most innovative traders.

External innovation risk relates to the development and spreading of disruptive technologies by competitors that can make the company's technology irrelevant. Recent examples of companies who sank as a result of this abound in the digital economy.

The threat may come from a new technology chasing the old one, as with digital photography. But it can also come from a radically different perspective on the market, as happened when Apple launched its consumer-appealing iPhone, in contrast to the professional approach followed by Research in Motion (Blackberry's promoter) and Nokia. Both companies were obviously caught unprepared by Apple's emphasis on consumer markets.

Managing this type of risk requires management's constant attention on weak signals of emerging trends, coupled with sufficient humility to keep challenging the company's beliefs. Boards do not have to see the emerging trends by themselves,


but their governance function requires that they ask management to keep the lookout and report to them. They must continuously ask the "what if?" questions while listening to management's often reassuring remarks on their strategic direction.

While the traditional role of boards on risk is to focus on the internal and external downsides, the fact also is that in order to be innovative, a company has to take some risk. Many companies fail to innovate because they will not take risks.

Boards should therefore see their mission as stimulating management to take sensible risks to innovate. This harks back to point of CEO and management evaluation. If the CEO is

**While the traditional role of boards on risk is to focus on the internal and external downsides, the fact also is that in order to be innovative, a company has to take some risk. Many companies fail to innovate because they will not take risks.**

being judged on the stock price, then clearly management will focus on what will improve stock prices. This affects management strategy as it will concentrate only on the incremental, non-risky projects that builds market share and nibbles away at the competition, but they will not focus resources on the longer term, less predictable projects.

## Appointing Top Management

The selection and recruitment of a new CEO, after the incumbent's departure whether forced or voluntary, is undoubtedly one of the board's most visible and difficult responsibilities.

In his book, *Bigger Isn't Always Better: The New Mind-set for Real Business Growth*, Robert Tomasko introduces two opposite yet complementary management mind-sets: the "fixer" and the "grower".

A "fixer" mindset is concerned with what needs to be done to maintain and preserve the business as it is, within the logic of its current dominating ideas. Fixers know how to maintain and improve existing operations. They are the drivers of today's business model. They are quick to spot any divergence from the plan. Fixers mount search-and-destroy missions to eliminate excess costs. They speed the flow of product to customers by streamlining critical business processes. They launch company-wide quality improvement campaigns. They live in the worlds of six-sigma and TQM, downsizing and reengineering.

The "grower", on the other hand, is focused on what is necessary to move beyond what currently exists. The grower's model of the future is quite different. For them, it is not fixed or predetermined. Marketplaces, they believe, are constantly in motion, fundamentally open to new influences, and full of possibilities. Growers believe that few trends keep going forever, and that small discontinuities in established patterns may be all that is needed to change entire industries. They relish discovering, or creating, these discontinuities. And then they make plans to take advantage of what is about to happen. For them, opportunities are abundant to create something new, and they are always alert for serendipitous events that can provide leverage for their plans.

**A "fixer" mindset is concerned with what needs to be done to maintain and preserve the business as it is, within the logic of its current dominating ideas.**

**The "grower", on the other hand, is focused on what is necessary to move beyond what currently exists. The grower's model of the future is quite different. For them, it is not fixed or predetermined.**

When the grower's mindset is employed, the business advances. When the fixer's is used, it keeps the business afloat. Both are worthy objectives.

These attributes are applicable especially to the CEO. It is not unusual to see boards replacing growers with fixers whenever the company enters turbulent times, or when operational results start sliding downwards. This is what happened at 3M with the appointment of James McNerney, a talented fixer from GE, a nomination that several analysts considered a casting error for an archetype innovative company like 3M. McNerney subsequently joined Boeing which badly needed a fixer.

Boards generally feel more comfortable with the more predictable fixers than with the innovative but sometimes more erratic growers. And yet, it is growers who are often needed to challenge the status quo and embark the company onto a new growth phase.

This is another key reason why it is so important to remind boards of their innovation governance responsibility. It does not mean that they should always privilege growers over fixers in their appointments, of course. But it does mean that they should put their selection in context by considering the top management team, and not just the CEO. If a fixer is needed at the top, who will take the grower's role within the executive committee? And will the new CEO allow and support his or her colleagues as they defend an innovation agenda?

### It's Time…

It is evident by now that the role of the board is critical in shaping management's approach to innovation, and innovation governance is a matter of weaving innovation issues into the board's overall governance mission. If a board is conscious and diligent of this, companies will be able to truly create value in today's rapidly changing and complex world.

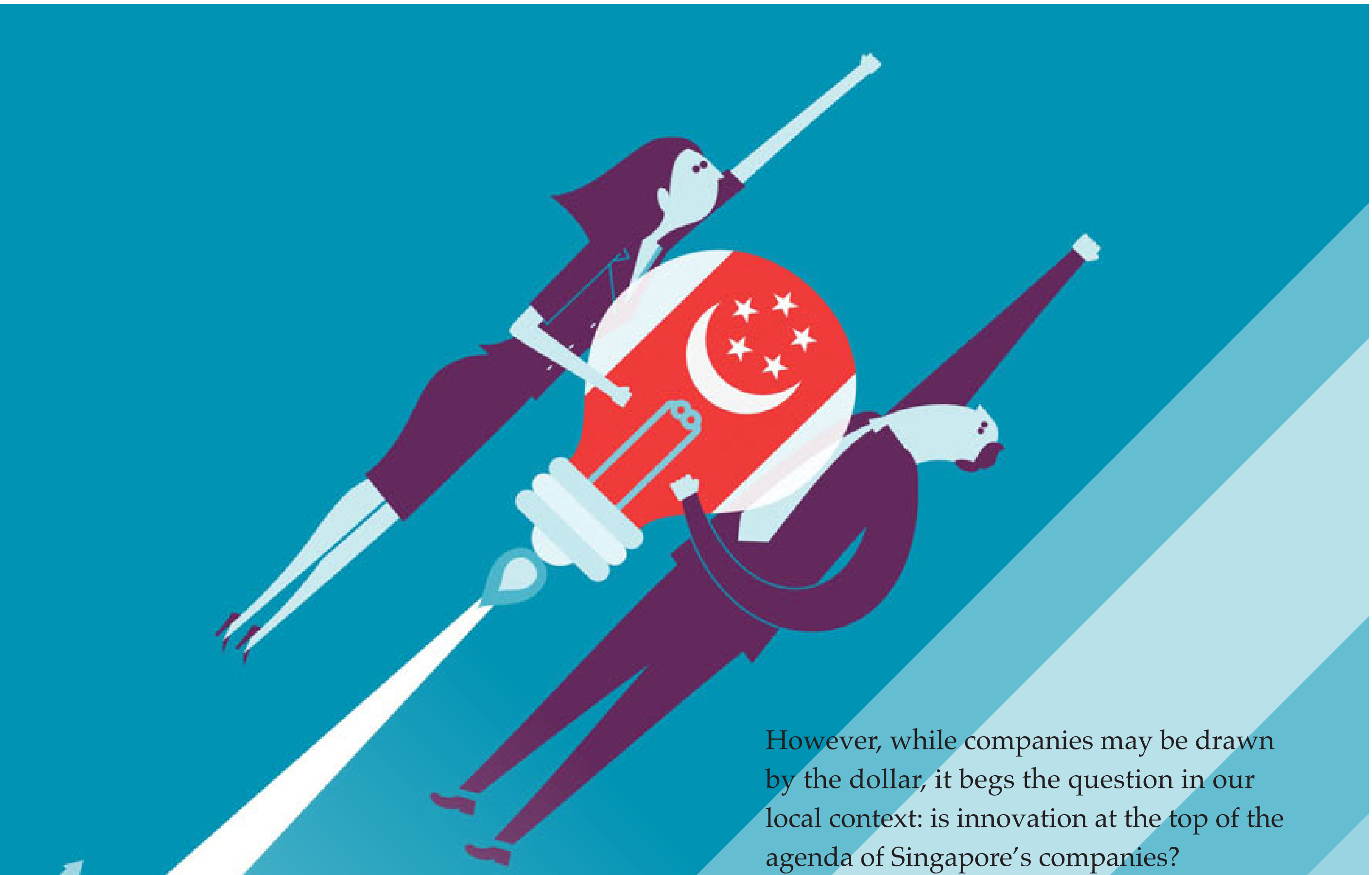
That boards have not been as conscious have led to calls by industry watchers and academics for the greater education of boards of the value of innovation and their governance mission. ■

*Jean-Philippe Deschamps is Emeritus Professor of Technology & Innovation Management at IMD, Lausanne, Switzerland. He is the keynote speaker at the flagship SID Directors' Conference on the topic of "Innovation Governance – Organising and Mobilising for Total Innovation".*

# Innovation as a strategic agenda for Singapore companies

It may take some investment – and a leap of faith – to see the fruits of driving innovation as part of a company's strategy, but once successful, the rewards are handsome. But are Singaporean companies ready, and what can boards do?

By **DR SURAYA SULAIMAN AND AZIM PAWANCHIK**
*Alpha Catalyst Consulting*



There is compelling real-world evidence showing innovation can give companies the returns they want.

According to a research conducted from 2006 to 2009 by Nesta, the United Kingdom's innovation foundation, innovative firms outperformed their non-innovative industry peers in terms of revenue growth. Dr Tim Jones who led the Innovation Leaders analysis profiling the most innovative companies also echoed positive findings following his analysis of 1,500 companies over a decade. He concluded that there is a direct correlation between effective innovation capability and stronger stock growth.

However, while companies may be drawn by the dollar, it begs the question in our local context: is innovation at the top of the agenda of Singapore's companies?

## Warning Signs

In Innovation Leaders, only one Singapore company – Singapore Airlines – made the cut. In the most recent edition of Forbes' "The World's Most Innovative Companies", only ST Engineering was in the top 100 (it was ranked 87).

This all is in spite of Singapore's reputation of being one of most innovative countries in the world.  In fact, in the Forbes' ranking, Singapore's result pales in comparison to Japan (with eight companies in the top 100), South Korea (it has a company ranked at 53) and Hong Kong (company ranked at 59).

If Singapore companies continue down this path, it may be a matter of time that other stronger companies in Asia will overtake them.

## State of Innovation in Singapore

Before any prognosis can be given or remedy prescribed, let us do a pulse check on the state of innovation in Singapore. Based on Alpha Catalyst Consulting's research in 2014, three key findings stood out.

First, innovation in Singapore is more incremental than game-changing. Eighty per cent of Singapore employees believe their organisations undertake only incremental rather than game changing innovation. More often than not, it is Singapore's public sector and banks that are more ready to embrace radical innovation. The good news is that having a bold and innovative public sector will ensure that the right infrastructure and ecosystem support will be in place to ensure Singapore remains an attractive and vibrant place for companies to grow. Furthermore, innovations in the banking industry will help cement Singapore's position as the financial hub of Asia.

Secondly, Singapore employees equate innovation most commonly with creativity, but it is also quite closely tied to value creation but not risk. People here believe innovation matters and that innovation creates strong value for the company. However, many (93 per cent) do not see innovating primarily as a form of risk-taking. The result is that only low risk or "safer" innovations are being prioritised. This could be why companies here tend to engage mostly in incremental innovation.

Thirdly, innovation is focused on operational and service innovation. Many are still focusing on process efficiencies and continuous improvement. Instances of innovation done on sales/marketing or business models are few and far between.

As a case in point, only 14 per cent of respondents from the banking and finance sector said that their companies practised business model innovation, whereas 33 per cent of the same group said operational innovation was done.

A 2008 study by the Boston Consulting Group and BusinessWeek found that companies that innovate on business models (that excite and create new markets) yield higher total returns for shareholders compared to those that zero in on products and processes (source: 2008 study by Boston Consulting Group).

## How Boards can Catalyse Innovation

The signs are that Singapore companies do not yet adequately push themselves to innovate.

Considering the current scale of innovation, the low association to risk, and the types of innovation that is currently being done by Singapore companies, it is quite likely that innovation is not a topmost agenda item at the board level.

This, according to Alpha Catalyst's *InnovAsian® Study*, seems to be the case despite top management in Singapore companies believing that innovation is a priority for their organisations' success and that they were personally involved in the process.

Here are four ways how the boards can help push the innovation agenda:

**1. Make innovation a strategic agenda**

One of the key tenets of good governance is to ensure that the company grows in the long term. Innovation is about growth and hence it should be part of the company's and board's strategic agenda. Attention towards innovation by the board will shape the role of innovation in a company. If the topic of innovation is discussed in the boardroom, it invariably permeates. More innovation will happen.

The *Singapore Board of Directors Survey 2013* revealed about half of board members agree that they need to spend more time on "leadership and talent management" and "strategy development". It seems like an inordinate amount of time is being spent on “performance management” and “corporate governance and compliance”. A 2013 study by Faleye et. al. covering more than 2000 public-listed firms in the S&P 1500 found that companies whose boards focused less on managerial monitoring had higher company value. Deeper board attention spent on strategic issues, such as innovation, would be more worthwhile in increasing company valuation.

**2. Steer innovation onto the right path**
There are many examples of large, incumbent companies missing big opportunities or not seeing potential threats. Technology, crowdsourcing, and the digital economy have converged to disrupt established markets.

The Singapore Code of Corporate Governance states that the board should provide entrepreneurial leadership to ensure the company is consistently exploring new growth opportunities. Boards therefore need to help management have a clear innovation goal, understand and explore opportunities and threats inside and outside the industry to take advantage of, or prepare for emerging trends.

**3. Enable risks to be undertaken**
Innovation comes hand in hand with risks, but not innovating is also risky when other companies are innovating. If boards are overly fixated on regulatory compliance and risk management, this could compress to risk minimisation. The board then becomes a disabler rather than an enabler of innovation.

The company’s risk appetite is defined by the board. The *InnovAsian® Study* found that the top two hurdles faced by employees in Singapore are “lack of trust and empowerment from leaders” and “risk averse leaders”. A lack of trust and company leaders’ unwillingness to take on risks can cause innovation to stagnate at an incremental level.

Boards should therefore determine and shape how much risk the company can and ought to be willing to take, and put in place guidelines for assessing and monitoring the types and quantum of acceptable risks.

**4. Balance the company’s innovation portfolio**
The right mix of innovation projects – the scale and types of innovations – would depend on the competitive environment and the company’s innovation strategy. Is the company looking to grow following the same rules, or is it looking for a game-changer? What capabilities does the company have in the areas it wants to innovate in?

In answering these questions, the company should identify a good mix of short-term and long-term projects to ensure growth in both time horizons.

**5. Foster a company culture that embraces and sustains innovation**
It would not be reasonable to expect the board to manage the workings of the company and every aspect of how it is run. However, at a high level, the board needs to ensure that the company’s top management creates the right environment for innovation to thrive and be sustainable.

Critical culture and process elements, amongst others, include how setbacks during innovation is managed, how collaboration within the company and with external partners occur, and how ideas surface and are evaluated. Leadership effectiveness in creating the right culture and process for innovation should be part of the board’s review of top management’s performance. ■

*Dr Suraya Sulaiman is Executive Director of Alpha Catalyst Consulting and Azim Pawanchik is Managing Director of Alpha Catalyst Consulting.*

# Innovation at scale – The sharing economy

By **ROBERT CHEW**
SID Council Member

INNOVATION

**On New Year's Eve 2014, some 550,000 people in 34,000 cities and 190 countries checked into accommodation from Airbnb. On the same day, Uber had more than 160,000 drivers providing one million rides to customers in 260 cities in 50 countries. Not surprising, that these companies, though newly minted, are in the billion dollar club (Airbnb was valued at US$20 billion as at the start of 2015; Uber at US$41 billion as at end 2014). But what's interesting is that Uber, the world's largest taxi company, owns no vehicles, and Airbnb, the world's largest accommodation provider, has not a single real estate.**

These are two of the most prominent examples that emerge from this new "sharing economy", a collaborative way of consuming goods and services without anyone actually owning anything. This marketplace – that involves people renting rooms, beds, cars, boats, virtually anything under the sun – is made possible through leveraging on information technology.

Some of us may think: how is this any different from the age-old principle of sharing, like car-pooling, bed and breakfasts (B&Bs)?

There is a difference. And it is clear. This new "sharing economy" demonstrates the immense potential that technologies – high speed internet, mobility, social networks and big data – available today can unleash. And by the bold vision of the founders of these companies, these technologies are being leveraged to offer new, innovative customer experiences to large market segments. The "sharing economy" has disrupted mature industries, such as hotels and transportation, by providing users with convenient and cost-efficient access to resources. This is something which traditional B&Bs did not do.

Indeed, a similar model was demonstrated since the early days of the Internet in the late 1990s by peer-to-peer businesses like eBay, Craigslist and Alibaba. These provided

online marketplaces which are enabled by sophisticated software so as to reduce the traditionally high transaction costs and to provide reputational information about sellers, crowdsourced from buyers. The latter was useful and key as it helped reduce the risks of transacting with strangers. In fact, the unique strength of this model is that it mobilises technology, markets and the "wisdom of crowds" to bring strangers together to transact.

The "sharing economy" is gaining much attention because of the benefits that it can give. Participants are given an opportunity to make money from their otherwise under-utilised assets, or to save money by paying less than what they would pay if they bought or rent the asset themselves using traditional means.

Some participants see themselves as green and present sharing as a means to reduce carbon footprint. Renting a car when you need it, rather than owning one, means fewer cars are needed and therefore fewer resources need to be devoted to making them. Staying in existing homes reduces the demand for new hotels. In addition, the "sharing economy" provides opportunities to make new social connections. For the sociable types, meeting new people by staying in their homes is part of the charm.

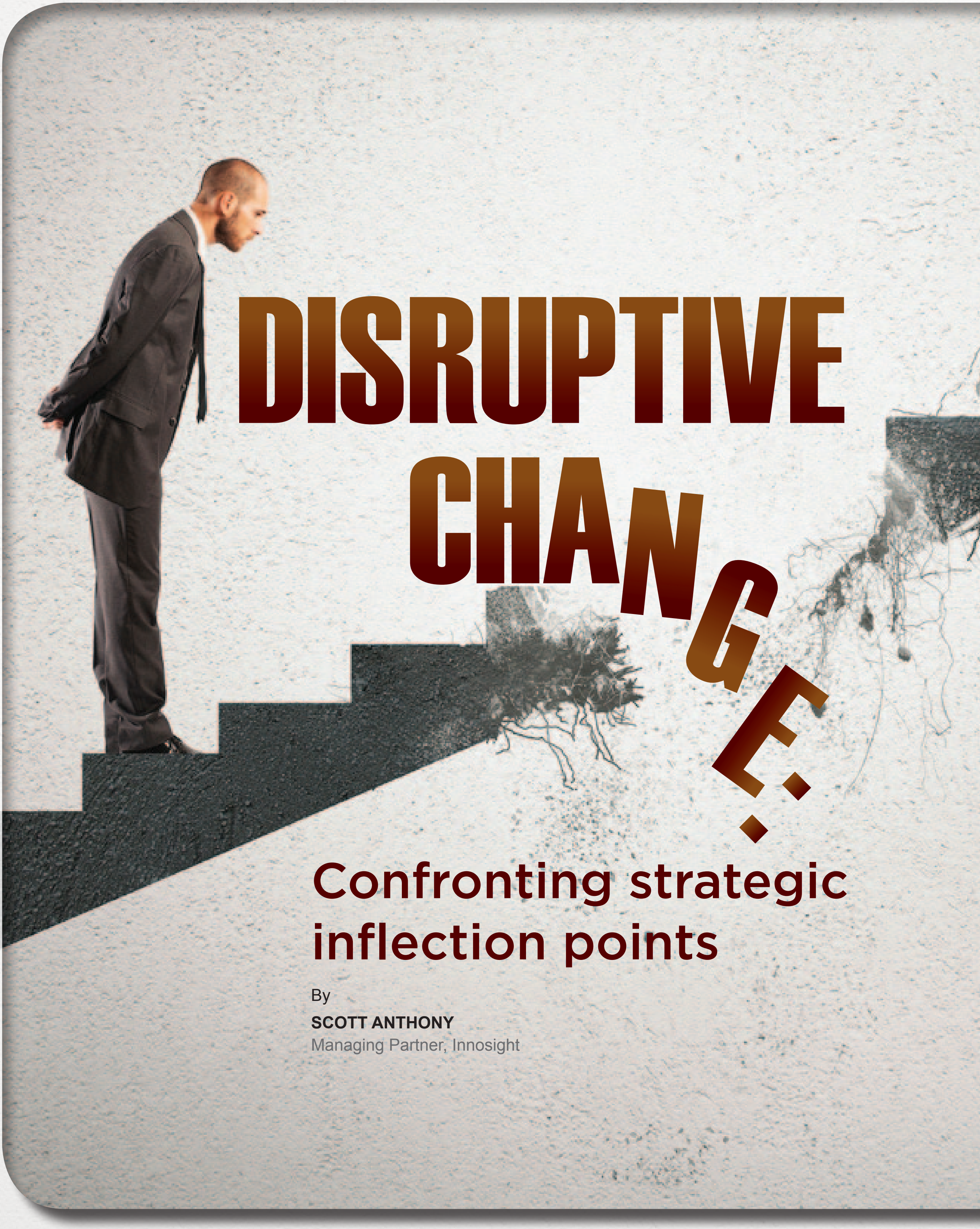
The "sharing economy" has certainly delivered value but it has also drawn much negative attention and scepticism. Dean Baker wrote in *The Guardian* that the new sharing is "largely based on evading regulations and breaking the law". Catherine Rampell wrote in *The Washington Post* that "there is a dark side to these work arrangements … the shifting of risks off corporate balance sheets and onto the shoulders of individual [citizens], who may not even realise what kinds of liabilities they are taking on". Such risks include income instability (the worker, rather than the firm, would have to bear the brunt of demand downturns), unforeseen criminal liabilities (what happens if an Airbnb guest turns your apartment into a brothel), to fewer protections in the event of a catastrophe.

Others further argue that the impetus for the sharing economy is not convenience, lower cost or trust, but desperation. These new earning opportunities are being introduced in the US during a period of high unemployment and rapid labour market restructuring. From the perspective of the drivers, errand-runners and hosts, they are in a race to the bottom and operating as "micro-entrepreneurs", at the very least, kept them away from the bottom.

So what are we to make of the "sharing economy"? There is little doubt the "sharing economy" has shown potential for creating new businesses that allocate value more fairly, that are more democratically organised, that reduce eco-footprints, and that can bring people together in new ways. The critics are to be expected. After all, this whole model is disruptive.

Over time, the participants in the "sharing economy" would be expected to organise for fair treatment, demand for eco-accountability and strengthen human connections through technologies. Its practices are likely to be embedded in new regulatory and social contexts, and today's "sharing economy" startups will become incorporated into the business-as-usual economy.

The "sharing economy" has been propelled by exciting new technologies. The ease with which individuals, even strangers, can now connect, exchange, share information, and cooperate is truly transformative. Technology gives us powerful tools to innovate and to scale at rates not seen before. As directors and leaders of our businesses, our task is to harness that power just as the companies in the "sharing economy" have successfully done. ■



# DISRUPTIVE CHANGE:

## Confronting strategic inflection points

By
**SCOTT ANTHONY**
Managing Partner, Innosight

## When your industry is about to be disrupted, how can business leaders take these "strategic inflection points" head on and come out stronger?

As change accelerates and competitive intensity grows, companies have to dramatically improve their creativity and adaptability. This need becomes particularly acute when an organisation encounters what Intel leader Andy Grove dubbed a "strategic inflection point" – where a disruptive change threatens to blow apart and reconfigure an industry.

In such a scenario, small strategic fault lines can quickly widen into cracks and fissures that disrupt an industry's structure and business model. Such shifts place substantial stress on leaders who have spent much of their career focused on delivering against commitments and driving operational efficiency.

There are four key courses of action that leaders can take to confront disruptions:

1. Articulate a motivating purpose
2. Focus on a few strategic moonshots
3. Build a curious culture that dares to try
4. Plant your organisation at intersections of skills and mindsets

# Articulate a motivating purpose


A pertinent question to ask before any move can be made is "why does your organisation exist?".

Many leaders, particularly those in publicly listed companies, will instinctively say "to maximise shareholder value." If that's the case, the job of a leader comes down to manufacturing and manipulating numbers. It is a soulless job, and certainly not one that inspires creativity and ingenuity.

Maximising shareholder value, however, is an artificial construct, first formulated by University of Chicago economists in the late 1960s.

Even one of the patron saints of the modern shareholder value movement – Jack Welch from GE – has recanted. Welch recently said that the idea that a company ought to organise itself to maximise shareholder value is "the dumbest idea in the world." Companies should create value for stakeholders, customers, and employees, Welch argued, and shareholder value will increase as a result.

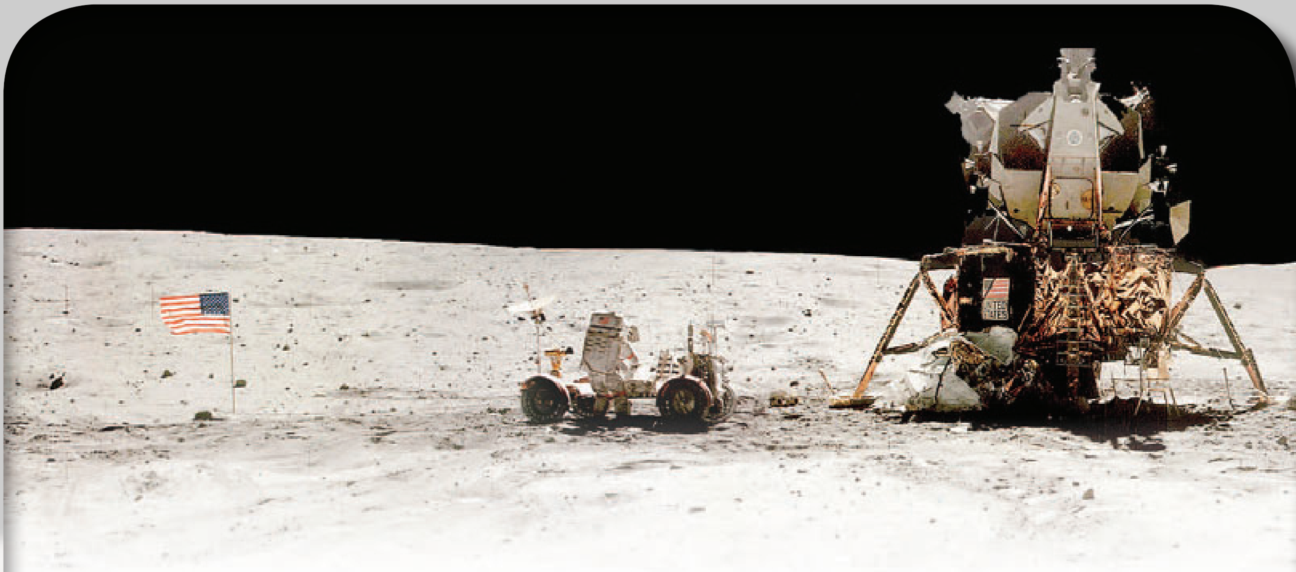
Management guru Peter Drucker reminds us of first principles. "The purpose of a business," he wrote, "is to create a customer".

Behind many great organisations is a clear and compelling purpose to create value for customers.

For example, in 1998, the Singapore Prison Service (SPS) was on the brink of a crisis. Prisons were crowded, and SPS found it difficult to attract and retain staff. In 1999, Director of Prisons Chua Chin Kiat led a year-long exercise to land on a new statement of purpose: "We aspire to be captains in the lives of offenders committed to our custody. We will be instrumental in steering them towards being responsible citizens with the help of their families and the community. We will thus build a secure and exemplary prison system."

Over the next decade recidivism shrunk from 44 per cent to 28 per cent, with the SPS today one of the world's most efficient systems.

Changing the status quo is hard work. If you are attempting to motivate people by urging them to "protect the dividend" or increase return on invested capital from 13.2 to 13.6 per cent, expect efforts to struggle.



# Focus on a few strategic moonshots

Ask anyone to name innovative organisations, and chances are they will say Google or 3M.

While both companies are indeed admirable, they offer misleading guidance for how to maximise the impact of innovation efforts. You see, both companies historically had programmes where engineers were encouraged to spend a portion of their time tinkering with new ideas. Legendary innovations like the Post-It Note and Gmail trace back to these programmes.

Seeking to replicate these results, leaders will often institute programmes like "wacky idea Wednesday", "free thinking Friday" and, heaven forbid, "structured thinking Saturday". These programmes are a great way to energise an organisation and generate ideas, but inside most organisations they are insufficient to do the hard work of turning rough ideas to real businesses.

Remember, the vast majority of new businesses fail, and that is with concerted day-to-day attention from a dedicated leadership team. If you are trying to beat those odds with a bunch of distracted part-times, your chances of success are not close to zero – they are zero.

Many think that chaos and creativity are friends, but research shows that constraints and creativity are surprisingly close friends. Remember John F. Kennedy's iconic call on 25 May 1961 for the United States to put a man on the moon – and importantly, bring him back – by the end of the decade.

What are your corporate moonshots? Not wild dreams, but big opportunities that marry a problem worth addressing with a conceivable solution that features something unique to your organisation.

For example, over the past few years Singtel has made substantial bets on mobile advertising, data analytics, and cybersecurity. This kind of focus on a few problems worth solving helps to sharpen creativity and ensures there are sufficient resources to drive an idea to impact.

# Build a curious culture that dares to try

The history of scientific breakthroughs is filled with what can best be described as happy accidents:

- Alexander Fleming failed to clean up his laboratory when he left for vacation in the 1920s, and ended up discovering penicillin.
- Pfizer finds that a drug that failed to improve hypertension but has an unanticipated side benefit, and stumbles on Viagra.

Serendipity plays a part in the business world as well. Twitter emerged as a side project from a business designed to help users organise podcasts.

Almost every successful business had twists and turns on its path to success. Payments giant PayPal, for example, started its life focusing on security solutions for emerging personal digital assistants. Its success was not its Plan B, C, or D, but something known as "Plan G".

Most companies are built to operate a known and proven business model, not iteratively discover an unknown and unproven one. As such, projections are held sacrosanct and deviances from plan are punished, sometimes severely.

To succeed with innovation, organisations need to have a high curiosity quotient. They must be tolerant of missteps and course corrections. They should be willing to run experiments, sometimes just to learn.

As Pixar founder Ed Catmull described in his book *Creativity Inc.*, "Our job is to protect new ideas from those who don't understand that in order for greatness to emerge, there must be phases of not-so-greatness. Protect the future, not the past."

Every two years, Tata Sons in India gives out a range of innovation awards. One of the most coveted ones is the "Dare to Try" award. As the name suggests, the prize "rewards the most novel, daring and seriously attempted ideas that did not achieve the desired results."

If you don't dare to try, how can you possibly hope to succeed?

# Plant your organisation at intersections of skills and mindsets

The innovation literature is filled with contradictory findings. But a persistent finding that appears in books like Thomas Kuhn's *Structure of Scientific Revolution* (released in 1962) and Steven Johnson's *Where Good Ideas Come From* (released in 2011) is that magic happens at intersections, where different mindsets and skills collide.

Organisations seeking breakthrough ideas should seek to plant themselves at the intersections. That might involve regularly rotating people between departments, or creating structured ways for different departments to work together.

Another increasingly popular approach are so-called "open innovation" programmes, where companies create mechanisms to get ideas or solutions from customers, partners, and suppliers.

Corporate venturing programmes are also a way for companies to tap into new ideas.

Consider how Chairman Teo Ming Kian has changed Singapore's MediaCorp to become a more nimble multimedia company. Since taking over as Chair in 2010, he has diversified the board, bringing in people like venture capitalist Thomas Ng, entrepreneur Elim Chew, and seasoned executives like Mrs Fang Ai Lian and Mr Rajiv Wahi (the author joined the board in 2013).

Mr Teo believes that this kind of strategic diversity is critical given the disruptive changes affecting the media industry. "My concern has always been about groupthink," he notes. "Unconsciously those who come from the same background could think alike and see things the same way and we could be blindsided. Having a broader vista and looking at issues from different angles and experiences is particularly important for a company like MediaCorp."

Another recent move by MediaCorp is the formation of a programme called "Mediapreneur" to support media-related startups, some of which co-locate with MediaCorp. These efforts bring in new perspectives and give MediaCorp a way to tap into local innovation energy. ■


By
**KRISTIN WU**
Programme Manager, IP Academy

# Intellectual Property
## – The new kid in the boardroom

**In the current knowledge-led business environment, intellectual property can make a difference between a pitfall and a windfall for companies. It's time to put intellectual property on the board's agenda.**

Virtually no organisation operating in today's economy is exempt from the influence of intellectual property (IP).

The technology and healthcare sectors are increasingly patent-heavy. Financial industries are seeking IP protection for their process innovations. Even for traditional sectors such as food and beverage, trademarks and trade secrets yield competitive advantages. In Singapore, IP accounts for between 70 and 90 per cent of market value of publicly listed companies.

In short, safeguarding a company's IP can now make or break its bottom-line – an axiomatic signal to directors that they need to start protecting their 'intangible' assets fiercely. Therefore, to begin with, it is imperative for directors to be IP literate: although directors need not get into the nuts and bolts of IP management, they should know what the company's trademarks and patents are.

### Why Directors Should Care

Current regulations are making directors personally liable should such intangible assets are not taken care of. A breach of fiduciary duty may be established if the directors are shown to have failed to implement any reporting system or controls over the company's IP assets, or consciously ignored any 'red flag' concerning the company's IP assets. A higher level of duty applies for directors who are IP professionals, such as accountants or lawyers. When a director who possesses more extensive IP expertise intentionally fails to voice out certain critical concerns when he or she has a known duty to speak up, it may be established as a breach of good faith.

Adding to that, according to SGX-ST Listing Rule 703, companies are to disclose any IP rights that they are or will be materially dependent upon. Unlike disclosures on other material information, disclosures on IP rights may potentially jeopardise the company's future pursuit of IP rights. Recognising this, SGX recommends a "balanced approach", which is for companies to provide "quality" disclosures that are "descriptive" – explaining the value of IP in relation to how they operate and conduct business – while "taking into account commercial sensitivities" of such information.

## How Directors Should Care

For starters, IP should be on the board's agenda on a regular basis.

IP updates may consist of reports on the registration and renewals of IP rights, the status of the company's IP activities in comparison with that of its competitors, and updates on the law and industry trends in IP rights. Directors in the Technology Committees may want to arrange special meetings with in-house counsels to better understand the company's IP situation, especially when the company's activities and key business strategies are predominantly dependent on its IP portfolio.

While directors need not concern themselves with deriving IP strategies, they need to ensure that the company has the necessary IP strategies in place. Directors should monitor how the company maintains control, use and ownership of its IP assets. In doing so, they should pay attention to several key areas where IP is frequently implicated. For example, for companies that rely on non-disclosure agreements (NDAs) to protect their IP, directors may consider standardising how and when NDAs should be used across different business functions.

IP ownership is another key area that merits special attention. For companies that reply on supplier agreements and employment contracts to govern the use and ownership of IP, directors may consider determining what minimal components these documents should contain. Adopting such company-wide strategies could serve as legal evidence of directors' due diligence in IP protection.

It is critical that directors, especially those in the Risk Management Committees, do not overlook the IP risks in relation to the business operation. Increasingly, IP risks can present unprecedented loss for the company, which can in turn jeopardise key operations. Directors should stay alert to the "red flags". To properly manage these risks, boards should regularly review and approve top-level policies on IP issues.

In spite of the complexity of the underlying technologies and legalities, the safeguards from an oversight perspective are fairly straightforward: make sure the company has an adequate budget and competent IP professionals to diagnose IP risks and implement solutions; appoint a corporate-level executive who is made accountable for IP risk management and who reports to the board; and conduct an internal audit as part of the company's quarterly review to evaluate the company's ongoing effectiveness at IP management. ■

# BOARD PORTAL: A BOON TO THE BOARD

**With organisations operating in increasingly complex environments at a fast pace and boards operating in multiple time zones over several continents, paperless and secure board portals may be just what is needed.**

By
**JOE RUCK**
President & CEO, Boardvantage

Executives today are more mobile than before.  This means work processes need to follow suit. On top of that, boards are spending about the same amount of time to review board reports as they do attending board and committee meetings.

Hence, the need to share documents confidentially, conduct secure meetings, drive initiatives, and make decisions in-between meetings, becomes more pressing. Without a secure collaborative platform that they can take with them anywhere at any time, board work can come to an unnecessary halt.

The best platform these days would be one that has an architecture that allows for informal, fluid and mobile-focused collaboration.

## Enter The Board Portal

A board portal is a collaborative software that allows directors to securely access board documents and collaborate with other board members electronically. It is also becoming more and more an essential tool for both administrators and management.

These days, board portals possess features that not only give users greater control but also greater ease of use through secure file sharing, on-the-go usage (access via desktops, tablets and smartphones).

These features are usually designed to ensure that board portals meet with the key needs of boards and directors:

**Provide an executive experience:** Leadership teams always work under deadline pressures and expect to have the information they need at their fingertips. On tablets, for example, this means taking maximum advantage of graphics and animation and creating a seamless online and offline experience that gives executives ready access to materials even without a Wi-Fi connection.

**Security:** Information security is an obvious concern in a "Bring Your Own Device" (BYOD) environment. These devices are also prone to loss. There is a tension between mobility and information security, particularly with downloaded materials. For any device, it is essential that all offline content is stored in a secure, encrypted repository with automatic synchronisation to apply changes made to online copies. Offline content should remain under a central administrative control with options to purge or delete should devices be stolen or lost.

**Controlled distribution:** With critical decisions on the line, relying on consumer tools for file sharing can create problems. A board portal should control every aspect of the collaboration chain while providing ready access to updated content without the worry of information leaks. This applies to content, communications and workflow.

**Content segregation:** The platform architecture should support segregating content by groups and teams within team spaces. These then function as a focal point for particular initiatives. Executives should only have access to the content for which they are explicitly authorised, thereby reducing the risk of sharing outside the team. At the same time, the platform should allow for easy switching back and forth between the team spaces without the burden of additional passwords or need to login with every switch.

### Tapping Into Technology

With board portals, the production, distribution and consumption of board materials have been made much more efficient and secure. Where the company secretary's team previously spent days, if not weeks, on the physical production and distribution of materials, these cycles can be reduced to hours. Amendments can be made and published almost instantaneously.

As the use of mobile devices among executives proliferates, so has the dispersion of leadership teams. Today these teams are common across large enterprises in all industries and smaller, fast moving organisations. Mobility is a force that lends a competitive edge to all, having the right platform for the board saves time, reduces costs and creates efficiencies when the need to expand its use to other leadership teams becomes apparent.

Moving into the future, boards and leadership teams will have communication needs far beyond what email and paper can deliver. This applies to all forms of organisations including not-for-profit, government as well as commercial organisations. Many of these will favour a BYOD approach to keep costs to a minimum and allow participants to use the device of their choice.

With board portals providing such information securely on their mobile devices, boards can concentrate on the real work: making the best possible decisions for the company. ■

# Auditors and innovation

By **YEOH OON JIN**
Vice-chairman, SID

**COUNTING BEANS**

**"Auditors" and "Innovation". That's almost a contradiction in terms. The title of this column says it all: we are bean-counters. Or at least we were. The audit profession is embarking upon its most significant change in decades. And it will be a very visible change indeed.**

Driven by the demands of ever-increasing levels of transparency in the capital markets, the audit profession has taken unprecedented steps in enhancing the audit report.

Audit reports on financial statements have gone through many changes since the early days. In the very distant past, in another part of the world, we only need say that a set of accounts was "audited and considered approved". That's it. A number of years later, these few words were considered insufficient and the profession came up with a few sentences, which soon turned into a few paragraphs and ultimately led to the standard one-pager that have endeared through many decades, up until now. These audit reports could best be described as boiler plate and boring, befitting of the image the profession projects, unfortunately.

For this reason, or otherwise, the profession as a whole has decided it is about time we take in a breath of fresh air.

The international body that sets the standards used by the auditing profession worldwide realise that in order to stay relevant in today's world we must change how we interact with our stakeholders, and in particular, what we report. As auditors, we have a lot to say about the financial statements of our clients, but current standards prevent us from doing so. Earlier this year, a new set of international standards requiring auditors to "say a lot more" was introduced.


What will we be doing in Singapore?

It is the profession's intention to port over the changes in the international standards to Singapore. The main objective of these changes is for readers of the financial statements to get a better appreciation of those matters which the auditor considered were of most significance to the audit. These are the so called "Key Audit Matters". These are matters which required significant attention by the auditor, including perceived significant audit risks, significant judgments by management and the auditor, and the effect of significant events or transactions. The audit report will then describe how these matters were addressed in the audit.


What does this translate to in practice? A few territories, most notably the United Kingdom and The Netherlands, have earlier adopted similar standards. Audit reports on companies in these countries, which used to be the same standard one-pager, are now running into several pages. Topics described under "Key Audit Matters" range from goodwill impairment, financial instruments valuations, to uncertain tax positions and property valuations. Investors love them. Feedback from this group of stakeholders has been overwhelmingly positive with many demanding more of such topics addressed in audit reports.

In Singapore, the Institute of Singapore Chartered Accountants intends to have these new standards be made available later this year, with a proposed implementation date of calendar 2016 financial statements. This should give directors and management sufficient time to discuss these new standards with their auditors and consider the implications.

And, of course, SID will be communicating and holding sessions on the new auditor reporting regime for directors, especially audit committee members. Watch out for them. ■

# Strategy: More than a board game

By **WILSON CHEW**
Council member, SID

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**Failing to plan, as the adage goes, is planning to fail. That is why it is essential for a company to have a solid strategy for success.**

Yet the 2013 McKinsey Global Survey on Governance revealed that a mere 34 per cent of 772 directors understood their companies' strategies. This may not seem alarming as boards generally spend most of their time on compliance matters rather than strategy.

However, the board is ultimately responsible for the company's long-term success. Section 157A of the Companies Act states that "the business of the company shall be managed by or under the direction of the directors". It is therefore important for the board to understand and influence the company's strategy.

## Being Clear About Strategy

There are many different definitions of strategy and many more approaches to the strategic development process.

In my view, the essence of strategy is a structured process for deciding the handful of key decisions that the organisation must get right in order to competitively thrive over a given period of time. Get it right and the organisation is strengthened towards better long-term performance.

The key step in strategy formulation is to comprehensively understand a company's twin components for competitive success: distinctive competency (inside the firm) and competition (outside of the firm).

A distinctive competency is a unique or superior capability of the company. This capability allows it to offer a unique or superior value proposition to customers and thus an unassailable competitive advantage. Professor Michael Porter's competitive forces of established rivalry, customers, suppliers, substitutes and new entrants articulate the competitive environment which needs to be understood for competitive manoeuvring.

Put simply, good strategy is about differentiation. Take Trek 2000 for example. Most consumers would immediately associate the brand with portable storage devices. Building a brand that is synonymous with a product or service category akin to what Trek 2000 has successfully done is a powerful differentiator.

## Role of the Board in Strategy Development

Most boards meet (as a board) four to eight times a year and are often hard pressed to get beyond compliance-related topics to secure the breathing space needed for developing strategy. It underlines the need for the board's position on strategy to be well-defined and established.

A further challenge is for boards to strike the right balance with management on strategy. How should the board and management arrive at an appropriate separation between their respective roles?

In a recent SID's Board Chairmen's Conversation, Bain & Co highlighted key practices that have worked for effective boards.

The starting point for greater strategy impact, according to Bain, is in agenda-setting. The board and management should identify the few topics that can drive 80 to 90 per cent of the enterprise value up or down, and allocate time in its annual board schedule and agenda to review these topics.

Management clearly has the job of developing and implementing the detailed strategic plan and the board the job of reviewing and approving it.

However, what does not work is for management to present the "answers" without the board's involvement. The non-executive directors of a board do not usually want to be presented with a "fully baked cake". Instead, they wish to understand, to challenge the thinking and to contribute to a more well-formed strategy and plan.

It is therefore common for many boards to dedicate one or two sessions each year to focus entirely on strategy development. Often this takes place at off-site board retreat and sometimes at locations relevant to the company's business.

Once the strategic plan is developed, converting it into action is as important. This requires defining what success looks like and identifying the key initiatives with the requisite timelines and resources needed. In addition, the key risks and the plans to mitigate them need to be discussed as a part of the strategic plan.

It is impossible for a board to be as informed about the company and the market as management. Right information from management on the company's progress is important for the board in its governance role.

The board should therefore ensure that a tracking mechanism exists for major strategic initiatives. This may include dashboards and other mechanisms that can confirm progress "at a glance" rather than have the progress and results buried in board papers and minutes.

In summary, strategy is critical to the success of a company and the board needs to play an active role in it. The role of the board is to positively contribute to strategy development, approve the strategy, support management in its execution and review management's performance in following through with the agreed strategy. ■

*Boardroom Matters is a weekly column by SID for The Business Times and its online financial portal, BT Invest, where this article was first and recently published.*

# HOLDING ON to the lead in corporate governance in ASEAN

The result of the ASEAN Corporate Governance Scorecard 2014-2015 showed that resting on their governance laurels should be the last thing on the minds of Singapore blue-chip companies.

A governance ranking of the top 100 publicly listed companies (PLC) in Singapore was published in the 2014/2015 Singapore Country Report of the ASEAN Corporate Governance Scorecard.

The report by SID and the Centre for Governance, Institutions and Organisations (CGIO) of the NUS Business School was launched at a forum on 30 April 2015.

The Scorecard is a joint initiative of the Asian Development Bank and ASEAN Capital Market Forum. It seeks to assess the corporate governance of PLCs across ASEAN. The other participating countries are Indonesia, Malaysia, Philippines, Thailand and Vietnam.

The Scorecard is based primarily on the Organisation for Economic Co-operation and Development (OECD)'s principles of corporate governance. Companies were assessed and scored in five weighted components:

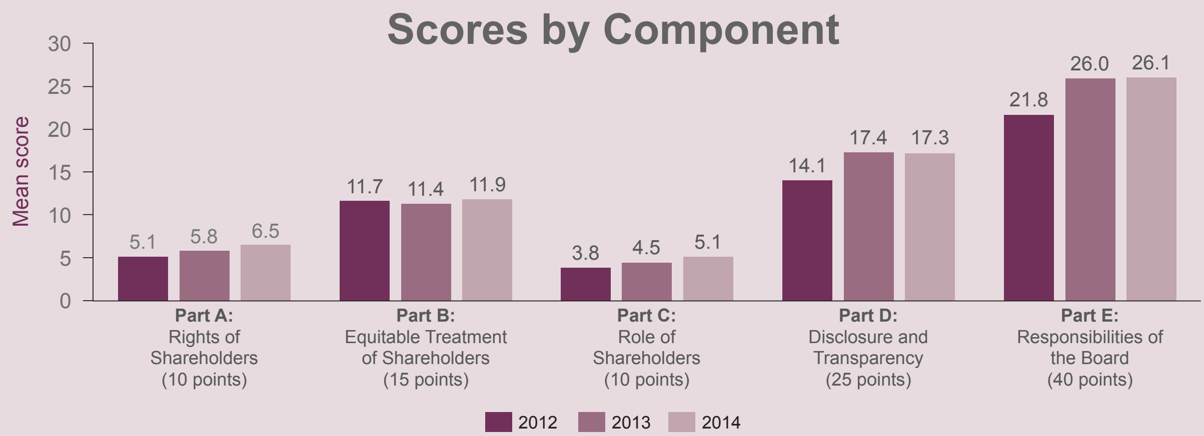
- Rights of shareholders
- Equitable treatment of shareholders
- Role of stakeholders
- Disclosure and transparency
- Responsibilities of the Board

Mr Lee Boon Ngiap, Assistant Managing Director (Capital Markets Group) of the Monetary Authority of Singapore (MAS) who was guest-of-honour at the launch, said that "the regional Scorecard, together with other initiatives, can help promote ASEAN top companies as an investable asset class." He also touched on the role of market discipline and enforcement actions on strengthening investors' confidence in the capital markets (see Box on pg 38).

### Singapore's Scorecard

SID Immediate Past Chairman John Lim and NUS Professor Lawrence Loh presented the methodology and results of the Scorecard. Some of the key findings were:

- Singapore PLCs on average scored 70.7 out of a maximum total score of 128 points.
- Companies' scores ranged between 43.9 and 105.5 points with the majority of PLCs scoring more than 65.0 points. (This assessment used two levels of scoring: Level 1, which is out of 100 points and comprises components that reflect basic requirements of the five OECD corporate governance principles; and Level 2 which is the "Bonus and Penalty" section.)
- Singapore PLCs on average scored 67.0 points in Level 1 section, a slight increase from 65.1 points in 2013.
- Singapore PLCs on average saw improvements in "rights of shareholders", "equitable treatment of shareholders" and "role of stakeholders", whereas areas such as "disclosure and transparency" and "responsibilities of the Board" have remained relatively unchanged.



# MAS: Investors' confidence requires market discipline and enforcement actions

MAS Assistant Managing Director Lee Boon Ngiap spoke of the importance of strengthening investors' confidence in the capital markets. We summarise here his insights on how this can be achieved through market discipline and strong enforcement actions.

**"A well-functioning capital market requires an eco-system where all stakeholders play their part in strengthening investor confidence. In enforcement, MAS takes a strong stance against market misconduct and we will spare no effort in investigating possible transgressions"**

**Mr Lee Boon Ngiap,**
Assistant Managing Director, MAS

## Market Discipline

- Market discipline is the process by which stakeholders apply effective scrutiny on companies.
- The key enabler is disclosure. SGX listing rules prescribe mandatory requirements while the "Comply or Explain" Code of Corporate Governance sets out best practices guidelines.
- Disclosure must be meaningful. Unfortunately, there have been too many instances where deviations from the Code are uninformative. SGX has therefore issued a Corporate Governance Disclosure Guide in January 2015 to require companies to disclose their compliance with key principles in a standard format.
- Other stakeholders are playing an increasing role. Independent indices like the ASEAN Corporate Governance Scorecard will help investors to identify exemplary companies while encouraging those with lower scores to improve their governance.

## Enforcement Regime

- MAS and the Commercial Affairs Department (CAD) of the Singapore Police Force have been reviewing potential market misconduct cases detected through their regular surveillance activities (e.g. SGX surveillance of trading activities, suspicious transaction reports filed, and intelligence from market participants).
- Going forward, MAS and CAD will now investigate all potential market misconduct offences together from the outset for greater efficiency. The decision to pursue criminal prosecution or civil action will be decided only after the joint investigation.
- Investigations can take a long time because they are complex. Voluminous data and records have to be reviewed. Misconducts may be perpetrated by multiple parties, some of whom may be outside Singapore's jurisdiction.
- The authorities will usually not provide updates because this could compromise investigations and cause adverse inference against those under investigation.
- Enforcement sanctions include criminal prosecution, civil penalties, or other regulatory actions (such as prohibition orders). Sanctions will be fair but must also be adequate to deter repeat offences and deter others.
- Since 2010, there have been 22 successful criminal prosecutions and 22 successful civil suits with penalties totalling S$4.9 million.

In comparing the scores of Singapore PLCs with that of the other ASEAN countries, both Professor Loh and Mr Lim felt corporate governance in Singapore needs a boost.

Professor Loh said, "Singapore companies, as a whole, run the risk of falling behind their ASEAN counterparts if we do not strengthen our governance performance. In particular, companies in Singapore need to account to a broader set of stakeholders beyond the shareholder."

Mr Lim, who is the corporate governance expert from Singapore for the ASEAN Corporate Governance Scorecard, added, "Many of the Singapore companies have not scored as well as they should as they did not fully disclose their corporate governance practices."

Mr Lim further noted that when there is a peer ranking of top companies across ASEAN planned for the next report, Singapore companies may not do as well as they should. However, SID remains committed to help companies improve their practices and disclosures and will be holding sessions with companies towards that end.

### Making the Difference

A panel discussion following the presentation discussed the Scorecard results, its components and the value of such Scorecards.


From left: Chaly Mah (Deloitte), Philip Jeyaretnam (Rodyk & Davidson), Kai Nargolwala (Singtel), Yeo Lian Sim (SGX), Lawrence Loh (CGIO), John Lim (SID)

Mr Chaly Mah, CEO of Deloitte Asia Pacific, who chaired the panel, echoed Mr Lim's sentiments and asked panelists on the approach, results and impact of the Scorecard.

Mr Kai Nargolwala who is the Lead Independent Director of Singtel, the Scorecard's top-ranked company, observed that corporate governance in Singapore is generally good but it is not coming across in the scores. "It's an easy problem to solve – it's just a matter of disclosure. Good governance is not about doing the right thing but also to be seen doing it."

Mr Philip Jeyaretnam, Managing Partner of Rodyk & Davidson responded, "No doubt documentation – a slight twist to the word 'disclosure' – is key. Ranking does drive behaviour. However, if you practice good governance for its own sake, irrespective of which scorecard or criterion of measurement is used, the company will do well."

In discussing the various aspects of corporate governance, Ms Yeo Lian Sim, Chief Regulatory Officer of SGX pointed out the importance of sustainability reporting. "Sustainability reporting takes a longer-term view of the company and complements its financial disclosures. In combination, the greater transparency can in turn increase investors' confidence."

Members of the audience raised questions on aspects of the Scorecard. Many were in agreement with refinements that companies need to make in areas of investors accountability. Mr Mark Laudi, Managing Director of Hong Bao Media said, "I support initiatives which make companies aware that their actions are being watched. Investors should ask questions of companies which scored poorly. They should also look beyond the 'headline score' and delve deeper into the specific areas which the Scorecard judges highlighted require improvement."

## Ranking of Top 100 PLCs in Singapore*

1 Singapore Telecommunications Limited
2 Singapore Exchange Limited
3 DBS Group Holdings Limited
4 SMRT Corporation Limited
5 Singapore Press Holdings Limited
6 CapitaLand Limited
7 Keppel Land Limited
8 SIA Engineering Co Limited
9 Oversea-Chinese Banking Corporation Limited
10 Keppel Corporation Limited
11 Singapore Technologies Engineering Limited
12 SATS Limited
13 Singapore Airlines Limited
14 CapitaMalls Asia Limited
15 Singapore Post Limited
16 Olam International Limited
17 Sembcorp Industries Limited
18 Yoma Strategic Holdings Limited
19 Neptune Orient Lines Limited
20 Global Logistic Properties Limited
21 Fraser And Neave Limited
22 Keppel Telecommunications & Transportation Limited
23 ARA Asset Management Limited
24 StarHub Limited
25 United Overseas Bank Limited
26 City Developments Limited
27 Sembcorp Marine Limited
28 Biosensors International Group Limited
29 UOL Group Limited
30 Great Eastern Holdings Limited
31 ComfortDelGro Corporation Limited
32 M1 Limited
33 Bumitama Agri Limited
34 China Aviation Oil (Singapore) Corporation Limited
35 First Resources Limited
36 Hong Leong Finance Limited
37 Wilmar International Limited
38 Venture Corporation Limited
39 Yeo Hiap Seng Limited
40 Sheng Siong Group Limited
41 Noble Group Limited
42 Del Monte Pacific Limited
43 Petra Foods Limited
44 Haw Par Corporation Limited
45 OUE Limited
46 United Engineers Limited
47 STATS ChipPAC Limited
48 EZRA Holdings Limited
49 Genting Singapore PLC
50 United Industrial Corporation Limited
51 Metro Holdings Limited
52 Roxy-Pacific Holdings Limited
53 Raffles Medical Group Limited
54 Bukit Sembawang Estates Limited
55 China Fishery Group Limited
56 Hyflux Limited
57 Thai Beverage Public Co Limited
58 Yanlord Land Group Limited
59 Cosco Corporation (Singapore) Limited
60 Golden Agri-Resources Limited
61 Mewah International Inc
62 Yangzijiang Shipbuilding Holdings Limited
63 Jardine Cycle & Carriage Limited
64 China New Town Development Co Limited
65 Sarin Technologies Limited
66 Boustead Singapore Limited
67 Wing Tai Holdings Limited
68 Wheelock Properties (Singapore) Limited
69 Indofood Agri Resources Limited
70 Sinarmas Land Limited
71 OSIM International Limited
72 Mermaid Maritime Public Co Limited
73 Nam Cheong Limited
74 Super Group Limited
75 Straits Trading Co Limited
76 Ezion Holdings Limited
77 Guocoland Limited
78 Gallant Venture Limited
79 Guocoleisure Limited
80 Vard Holdings Limited
81 Ho Bee Land Limited
82 SIIC Environment Holdings Limited
83 Sim Lian Group Limited
84 GMG Global Limited
85 Oxley Holdings Limited
86 Silverlake Axis Limited
87 Goodpack Limited
88 Aspial Corporation Limited
89 Far East Orchard Limited
90 United Envirotech Limited
91 China Merchants Holdings (Pacific) Limited
92 GSH Corporation Limited
93 Pacific Century Regional Developments Limited
94 CWT Limited
95 Rowsley Limited
96 UOB-Kay Hian Holdings Limited
97 Hotel Properties Limited
98 Fragrance Group Limited
99 Hong Fok Corporation Limited
100 Hotel Grand Central Limited

** This is a ranking of the 100 largest Singapore PLCs by market capitalisation. The Scorecard was based on companies' financial year ending between 1 April 2013 and 31 March 2014.*

# Boardroom for dissent

By **POH MUI HOON**
SID Council Member

**We know it to be impossible to want crops without ploughing the soil, to demand rain without thunder and lightning. Yet often in the work place, we depreciate agitation for fear of losing popularity or disrupting the status quo- in other words, "rocking the boat".**

The corporate sphere runs the risk of complicity if silence continues to be kept. And the boardroom is not exempted. In fact, corporate governance observers have been warning against unanimous reticence and herd mentality in the boardroom.

Scour the internet and you will find scores of op-eds and papers on the importance of asking questions, how issues are debated and discussed at the board level makes a difference to the quality of decisions made, the effectiveness of the board and the ill-effects of blind faith and the dearth of divergent thoughts and critical thinking to an organisation. Empirically, corporate scandals that erupted into the public arena continued raising questions about independent directors' ability and willingness to exercise one of their fundamental fiduciary responsibilities – to dissent.

Jeffrey A. Sonnenfield, then President of Yale's Executive Leadership Institute of Yale School of Management, wrote in a 2002 Harvard Business Review article ("What Makes Boards Great") that "the highest-performing companies have extremely contentious boards that regard dissent as an obligation and that treat no subject as un-discussable". Concurring was Warren Buffet who said in an interview for FT.com, "it was not easy to ask difficult questions in a boardroom populated by well-mannered people who got on well".

## EXPANDING HORIZONS

Perhaps for a start, boards need to develop an appetite for dissent with the goal of driving better, quality decisions. It is also prudent for the chair to engage directors and encourage differing views, however unpopular they may be. It bodes well for a board to believe that a certain amount of dissent is a good thing, especially when it can contribute to board performance. The last thing a board should do is make directors feel like they need to conform to the majority which may not necessarily be right.

In order for healthy dissent to happen in the boardroom, certain conditions need to be in place. First, the board has to acknowledge that divergent thinking that encourages both familiar opinions and new perspectives are necessary for good decision making. Second, there should be ample time at board meetings for matters to be properly discussed. Many boards rush from one matter on the laundry list to the next – it does not provide sufficient opportunity for debate nor provide enough room for dissenting views to be properly considered. Third, there should be some level of acceptance that it is going to take effort to integrate new and diverse viewpoints with more familiar ones, and recognise without that effort, the quality of board's decisions will suffer. Finally, all members ought to be on the same page on the purpose and vision of the company and what it takes to achieve the shared goals for the dissenting to yield positive outcomes.

That said, it takes certain mastery for a board to dissent in a constructive manner. After all, dissenting for the sake of, or for the wrong reasons can be disruptive and toxic.

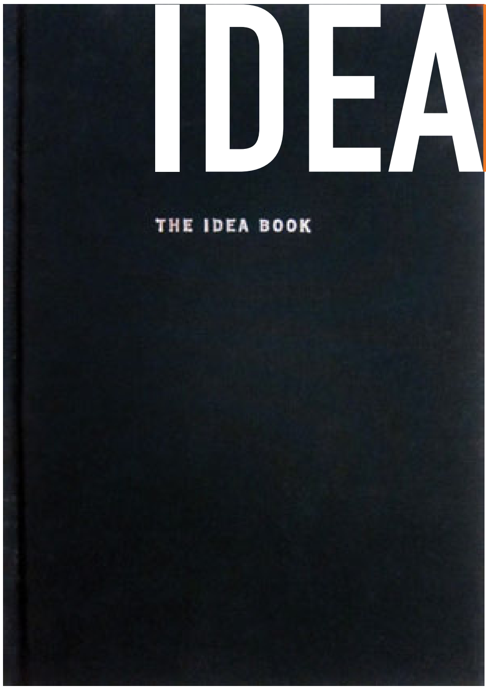
The road to mastery can begin with developing critical thinking skills. To quote Dr Richard Paul, Chairman of National Center for Excellence in Critical Thinking in California, U.S.: "Critical thinking is thinking about thinking while you're thinking, in order to make your thinking better." In short, it all boils down to mindfulness of our own thought processes, that we need to consistently question whether we are thinking critically.

A board's ability to successfully discharge its responsibilities depends, to a large extent, on how well its directors exercise their critical thinking when making decisions. There are some ways to improve that faculty and it involves asking questions such as: *What is the context of the situation on hand and what do I already know about it? Am I limited by my own thinking of what is possible? Do I have on blinders that are limiting the situation of what is possible? Am I asking open or close questions that limit the answers? Am I jumping to conclusion too quickly?*

It may seem a taboo to say but a healthy dose of dissent in the boardroom is good for business. Think about it: had Steve Jobs not infamously walked out on Apple's board meeting in 1985, the brand may not be what it is today!

As directors, there is an infinite responsibility to provide a good balance of perspectives at the table and to do this well requires a relatively high threshold of accepting diverse views, the occasional locking of horns, and most importantly, an open and critical-thinking enabled-mind. This is the only way of taking directors' effectiveness to the next, better level. ■

# IDEA BOOK




**There are books of ideas, books that tell you how to come up with ideas and there is Fredrik Härén's "The Idea Book", a combined book and notebook that has been included in "The 100 Best Business Books of all time". Here are highlights from the little black book.**

## On curing the "we-have-always-done-it-like-this" illness

Will the 'save' symbol still be a picture of a diskette in 10 years' time when many computer users will not know what a diskette is? Which symbol for saving data on a computer would be more suitable?

## On breaking old ways of thinking

An idea is similar to the transformation of information. Give 100 people access to the same information and 99 of them will consider it to be a fact. One person out of 100 will think: 'Mm, but what if we could…' There is a story about an advertising executive in Los Angeles who was so fed up of being stuck in a rut that he forced himself to find new ways of getting to work every day. He never took the same route to work in his nine years of commuting. Towards the end, he was forced to reverse down one-way streets in order not to repeat himself."

## On being ready for the age of innovation

"Eleven billion people have lived since creation, and six billion are still alive today. Why should we spend so much time on what the five billion who are dead did? Of all information that has even been written down up to the year 2000, 12 per cent was written in 1999. Between 1970 and 1985, the number of documents in Sweden doubled. Now, the number of documents doubles every three months. We stand on the brink of an information and innovation explosion the like we have never seen before. Are you ready?"

## On how to bring out more ideas

"One of (J.P.) Guildord's first creativity tests for the Air Force (he was a psychologist who designed personality tests for bomber pilots during the Second World War) was asking candidates to find as many uses for a brick as possible. Although simple, this is a good way of testing someone's creativity. Some just churn out an endless number of uses faster than you can write them down while others think for minutes before coming up with five uses."

*Fredrik Härén is founder of interesting.org. He will be speaking at the SID Directors' Conference 2015. Participants will be receiving a complimentary copy of his The Idea Book on a first-come basis.*

## Past events (Apr – May 2015)

| DATE | TYPE | EVENT DETAILS |
|---|---|---|
| 1 Apr 2015 | Social | Members' Night: An Evening with Prof Noel Tichy |
| 2 Apr 2015 | PD | LCD Module 4: Nominating Committee Essentials |
| 6 – 8 Apr 2015 | PD | SID-SMU Executive Certificate in Directorship Module 1: The Role of Directors |
| 8 Apr 2015 | PD | LCD Module 5: Remuneration Committee Essentials |
| 9 Apr 2015 | PD | Tax Evasion and Its Consequences |
| 15 Apr 2015 | PD | LCD Module 6: Investor and Media Relations |
| 24 Apr 2015 | PD | SID-ACRA Directors Compliance Programme |
| 25 Apr 2015 | PD | SID-ACRA Directors Compliance Programme |
| 30 Apr 2015 | PD | ASEAN Corporate Governance Scorecard |
| 5 May 2015 | PD | Board and Director Fundamentals |
| 6 May 2015 | PD | LCD Module 1: Understanding the Regulatory Environment in Singapore |
| 7 May 2015 | PD | SID-ACRA Directors Compliance Programme |
| 11 May 2015 | PD | Audit Quality Indicators Feedback Session |
| 11 – 13 May 2015 | PD | SID-SMU Executive Certificate in Directorship Module 3: Finance for Directors |
| 15 May 2015 | PD | SID-ACRA Directors Compliance Programme |
| 19 May 2015 | PD | EBL Module 3: Enterprise Risk Management |
| 21 May 2015 | PD | SID-ACRA Directors Compliance Programme |
| 26 May 2015 | PD | EBL Module 4: Financial Literacy and Governance |
| 27 May 2015 | PD | SID-ISCA Directors Financial Reporting Essentials |

# Board and Director Fundamentals

The first Board and Director Fundamentals (BDF) course was held on 24 March 2015 with 20 pilot participants.

This new one-day training programme was developed specially for aspiring and new directors. The course is designed to follow on from the So, You Want To Be A Director? 2-hour introductory session, and to lead on to the two multi-module Effective Board Leadership and Listed Company Directors programmes.

Each run is being taught by partners from law, public accounting, and strategy firms.

For this first run, Ms Suegene Ang, Ms Chen Xinping and Ms Adeline Ong, partners from WongPartnership explained Singapore's corporate regulatory environment and the legal aspects of directorship. They provided an overview of the director's duties and responsibilities using case examples.

Mr Chin Chee Choon and Mr Henry Tan, directors from Nexia TS, then provided an overview of the fundamentals of accounting and financial reporting from a director's perspective. They also described what is involved in reviewing financial statements, the audit process and ACRA's Financial Reporting Surveillance Programme.


Dr Wilson Chew, the Group Principal Consultant and CEO of StrategiCom then covered the essentials of an effective board. He highlighted the need to balance conformance with rules and regulations, with the need to create value for stakeholders. He also described the two important aspects of diversity and independence in a balanced board.

The positive response to the first BDF course has led SID to run this course on a regular basis, starting bi-monthly. The second run of the course took place on 5 May 2015. ■

# It does not pay to evade taxes


April was a busy month for SID members as they neared the deadline to submit their tax returns. However, more than 30 of them found time to turn up on 9 April 2015 to hear Mr Goh Khee Kuan, retired Deputy Commissioner (Centralised Services) of the Inland Revenue Authority of Singapore and former Accountant-General on "Tax Evasion and Its Consequences".

Tax evasion which is to illegally not pay taxes is to be distinguished from tax avoidance which seeks to minimise taxes liabilities legitimately. While not necessarily approving of tax avoidance schemes, Mr Goh focused his talk on what constitutes tax evasion and its ramifications.

He spoke of the different kinds of evasion. Simple tax evasion involves the omission of any income in tax filings, making false statements to the authorities, and giving false answers during questioning. Serious tax evasion is when false records and fraud are involved. While the legal consequences for a conviction of a tax evasion can be a fine and a jail sentence, Mr Goh pointed out that the social consequence of the loss of personal credibility can be deemed to be as high.

Mr Goh also provided insights to the tax investigation process. Certain taxpayers by virtue of their history or profiles may be selected for investigation. He shared that whistle-blowers are a good source for identifying tax cheats. While IRAS has a cash reward programme for whistle-blowers, now worth up to $100,000, most people do not report tax cheats for the money. In fact, most informants know the tax evaders and many come up for other reasons like feeling unfairly treated by the latter.

He also explained how the authorities prove unreported income. In the specific method, the investigators would identify and match income and expenses reported by the taxpayer to records kept by third parties. This matching would preferably be on a specific item basis but can also be on an aggregate basis. In the net worth method, the authorities look at whether an increase in taxpayer's wealth can be accounted for and whether additional taxes are in order.

Mr Goh injected much humour in his presentation and shared several stories of tax evaders. Through this and the lively discussion that followed, attendees said that they enjoyed and learnt much from the session. ■

# ACRA meets ACs on Audit Quality Indicators

On 11 May 2015, SID hosted a focus group session conducted by ACRA on Audit Quality Indicators (AQIs).

Ms Julia Tay, Deputy Chief Executive of ACRA explained to 20 Audit Committee (AC) chairmen and members present that the regulator is looking into the use of indicators to assist ACs in assessing the quality of their auditor. She provided examples of how AQIs could differentiate quality.

Professor Themin Suwardy of the Singapore Management University facilitated the discussion to gather feedback on the usefulness of such indicators for audit committees to better evaluate and understand factors that contribute to the performance of quality audits. Some of the possible indicators discussed include the time spent by audit partners on engagements, the years of experience of the audit team and the results of audit inspections carried out by ACRA.

The discussion was vigorous. In relation to the years of experience of the audit team for example, some ACs had called for greater granularity on the relevant industry experience of the audit team which they felt was a better indicator compared to just total years of audit experience. There was general agreement that AQIs would be a useful tool in helping ACs better differentiate auditors and audit firms based on audit quality attributes. ■

# Growing leaders

Professor Noel M. Tichy, author, academic and director of the Global Business Partnership at the Ross School of Business, University of Michigan, was in Singapore on 1 April 2015 to give a talk centred on the topics of leadership and succession planning to more than 70 SID members. The hospitality for the event was sponsored by Credit Suisse Singapore.

Emphasised throughout Professor Tichy's talk was how succession planning is critical in business. He noted that unfortunately it is not an area that is focused on even in some of the best companies in the world. He cited how, in particular, the lack of succession planning becomes obvious in the uncertainty and confusion that ensue with an abrupt departure of a key management person, especially the CEO.

On that thread, Professor Tichy shared with attendees what the key traits of a good leader are. One of the most important, he said, is the willingness of the leader to teach and cultivate potential leaders, and to offer teachable points of view. In his opinion, a leader is a teacher who offers, solicits and shares ideas with others, and carries out action learning to develop leadership potential in a person. He concluded his lecture by emphasising that leadership development and succession planning should be one of the top agendas of an organisation and a continual process of organisational transformation.

Many of Professor Tichy's points echo those found in his latest book, *Succession – Mastering the Make or Break Process of Leadership Transition*. Participants present received a complimentary copy of his book, and Professor Tichy was kept busy at the cocktails signing them.

In the mid-1980, Professor Tichy was head of GE's Leadership Centre at Crotonville. Through these educational institutions and his consultancy, Professor Tichy has been involved in the development of leaders across the world. ■

# Art and soul

By **JUNIE FOO**
Council Member, SID

## AFTER HOURS

**Her love for doodling as a child morphed into a passion for oil painting in adulthood. Today, Junie takes her love for this art form to another level: selling them to raise funds for the needy.**

I had always liked to doodle as a child and had secretly wondered how well I could have done in arts.

Alas, when I was in school, art was not really a subject that "good" students were encouraged to take up so like everyone else, I grinned and pursued the "sensible" fields of physics and chemistry instead. I put my passion for the arts on the back-burner and only dabbled in it now and then.

Fast forward many years later, an opportunity presented itself to me and I found myself in an informal art group organised by a former art teacher who had retired.

It was not long before I completed my first painting. That started my journey as an artist. Two years later, I exhibited two pieces of oil painting in Nagoya, Japan, along with eight other Singaporean artists and ceramic artists, as part of a global art exchange programme. It was not after another two more group exhibitions that I took a leap of faith and went solo.

My debut solo exhibition, "Reflections of the White Sky" was at The Arts House in 2006. The works I put up were inspired by Man's continual faith and hope in adversity, centring on the themes of "quietness of hope" and "beyond life's shadows and its daily intensities". People were snapping up my art work. I donated part of

Right: Reflections of the white sky

A set of three paintings that show movement through red robins

those proceeds to the Business Times' Budding Artists Fund which supports underprivileged children with aspirations of pursuing a career in the arts.

My paintings are influenced by my many artistic heroes. I have always liked the colours of Claude Monet and Henri Matisse. I could not help thinking how much ahead of their times were the maestros Vincent van Gogh, Pablo Picasso and Michelangelo. The most moving piece in my mind was van Gogh's *La Nuit étoilée* (Starry Night) which I first saw at the Musee D'orsay in Paris. I remember feeling so overwhelmed with emotions just looking at it. In that instance, I realised just how powerful art can be.

I would like to say my style of painting is very much influenced by the impressionists as well as modern players like Higashiyama Kaii, Okuda Genson and Mark Rothko. However, unlike the original impressionists who painted outdoors to capture light, I am on the contrary quite the recluse who enjoys painting in the comforts of my abode. As and when images and colours come to mind, I begin to paint in loose spontaneous strokes often utilising either the brush or the palette knife.

Over the years, my painting style has evolved: I started doing a lot of landscapes and today find myself gravitating towards one particular subject matter: red robin. A set of three paintings that were commissioned now adorns the house of Dr Bobby Cheng, a retina specialist. Like most of my paintings, it is inscribed with the biblical inspiration for the work: *I am the vine; you are the branches. If you remain in me and I in you, you will bear much fruit; apart from me, you can do nothing* (John 15:5).

I am grateful that my paintings are a source of comfort to some people. I have sold them to raise funds for those in need, including beneficiaries at Assisi Hospice, KK Regional Endowment Fund, the Breast Cancer Foundation, St Andrew's Cathedral Church Building Fund, Christ Methodist Church Building Fund, and Seeing is Believing (a Standard Chartered Bank charitable initiative for eye operations for needy communities).

I may have taken up oil painting late in my adult life but I have been enriched. Art has given me life perspectives like no other hobbies I have tried.

However, due to the demands of work, I took a break from painting in the last year. I am eager to pick up my paint brushes and put colour onto blank canvasses once again. Who knows – you might just see me at another solo in another year or two (that's if SID does not keep me too busy). ■

# Upcoming events

## Core Professional Development Programmes

| PROGRAMME | DATE | TIME | VENUE |
|---|---|---|---|
| SID-SMU Executive Certificate in Directorship Module 4: Risk and Crisis Management | 10 – 11 Jun 2015 | 0900 – 1700 | SMU Campus |
| INSEAD International Directors Programme Module 1: Board Effectiveness and Dynamics | 14 – 17 Jun 2015 | 0900 – 1700 | INSEAD Campus, Singapore |
| Directors Compliance Programme | 17 Jun 2015 | 1300 – 1730 | Capital Tower |
| Directors Compliance Programme | 23 Jun 2015 | 1300 – 1730 | Capital Tower |
| SID-ISCA Directors Financial Reporting Essentials | 24 Jun 2015 | 0900 – 1730 | Capital Tower |
| So, You Want to be a Director | 30 Jun 2015 | 1000 – 1230 | Capital Tower |
| Directors Compliance Programme | 1 Jul 2015 | 1300 – 1730 | Capital Tower |
| SID-SMU Executive Certificate in Directorship Module 1: The Role of Directors | 6 – 8 Jul 2015 | 0900 – 1700 | SMU Campus |
| LCD Module 1: Understanding the Regulatory Environment in Singapore | 7 Jul 2015 | 0900 – 1730 | Marina Mandarin Singapore |
| LCD Module 2: Audit Committee Essentials | 8 Jul 2015 | 0900 – 1230 | Marina Mandarin Singapore |
| LCD Module 3: Risk Management Essentials | 8 Jul 2015 | 1230 – 1730 | Marina Mandarin Singapore |
| LCD Module 4: Nominating Committee Essentials | 9 Jul 2015 | 0900 – 1230 | Marina Mandarin Singapore |
| LCD Module 5: Remuneration Committee Essentials | 9 Jul 2015 | 1230 – 1730 | Marina Mandarin Singapore |
| LCD Module 6: Investor and Media Relations Essentials | 10 Jul 2015 | 0900 – 1230 | Marina Mandarin Singapore |
| Board and Director Fundamentals | 14 Jul 2015 | 0900 – 1730 | Capital Tower |
| SID-ISCA Directors Financial Reporting Essentials | 23 Jul 2015 | 0900 – 1730 | Capital Tower |
| Directors Compliance Programme | 28 Jul 2015 | 1300 – 1730 | Capital Tower |
| SID-SMU Executive Certificate in Directorship Module 5: Strategic CSR and Investor Relations | 13 – 14 Aug 2015 | 0900 – 1700 | SMU Campus |
| SID-SMU Executive Certificate in Directorship Module 3: Finance for Directors | 17 – 19 Aug 2015 | 0900 – 1700 | SMU Campus |
| SID-SMU Executive Certificate in Directorship Module 6: Effective Succession Planning & Compensation | 7 – 8 Sep 2015 | 0900 – 1700 | SMU Campus |
| INSEAD International Directors Programme Module 2: Board Decision Making & Oversight | 21 – 23 Sep 2015 | 0900 – 1700 | Fontainebleau, France |
| LCD Module 2: Audit Committee Essentials | 22 Sep 2015 | 0900 – 1230 | Marina Mandarin Singapore |
| SID-ISCA Directors Financial Reporting Essentials | 29 Sep 2015 | 0900 – 1730 | Capital Tower |
| LCD Module 3: Risk Management Essentials | 30 Sep 2015 | 0900 – 1230 | Marina Mandarin Singapore |
| EBL Module 1: The Effective Board | 7 Oct 2015 | 0900 – 1230 | Marina Mandarin Singapore |
| EBL Module 2: The Board and Fund Raising | 7 Oct 2015 | 1400 – 1730 | Marina Mandarin Singapore |
| EBL Module 3: The Board and Fund Raising | 8 Oct 2015 | 0900 – 1230 | Marina Mandarin Singapore |
| EBL Module 4: The Board and Fund Raising | 8 Oct 2015 | 1400 – 1730 | Marina Mandarin Singapore |
| So, You Want to be a Director | 13 Oct 2015 | 1000 – 1230 | Capital Tower |
| Board and Director Fundamentals | 14 Oct 2015 | 0900 – 1730 | Capital Tower |

## Core Professional Development Programmes

| PROGRAMME | DATE | TIME | VENUE |
|---|---|---|---|
| LCD 1: Listed Company Directors Essentials | 20 Oct 2015 | 0900 – 1730 | Marina Mandarin Singapore |
| LCD 4: Nominating Committee Essentials | 22 Oct 2015 | 0900 – 1230 | Marina Mandarin Singapore |
| LCD 5: Remuneration Committee Essentials | 27 Oct 2015 | 0900 – 1230 | Marina Mandarin Singapore |
| LCD 6: Investor and Media Relations Essentials | 29 Oct 2015 | 0900 – 1230 | Marina Mandarin Singapore |
| LCD Programme in Mandarin | 26 – 27 Nov 2015 | 0900 – 1700 | To be advised |
| INSEAD International Directors Programme Module 3: Director Effectiveness & Development | 15 – 17 Dec 2015 | 0900 – 1700 | INSEAD Campus, Singapore |

## Other Professional Development Programmes

| PROGRAMME | DATE | TIME | VENUE |
|---|---|---|---|
| SID-Caux Roundtable: Sustainability | 4 Jun 2015 | 1000 – 1330 | Hilton Singapore |
| SID-Singtel: Cyber Security | 25 Jun 2015 | 0900 – 1200 | SingTel ComCentre |
| Investment and the Board | 6 Jul 2015 | 0900 – 1100 | Marina Mandarin Singapore |
| Emerging Risk | 15 Jul 2015 | 0900 – 1100 | Capital Tower |
| Risk Chairmen's Conversation | 24 Jul 2015 | 1100 – 1300 | To be advised |
| Nominating Committee Chairmen's Conversation | 21 Aug 2015 | 1100 – 1300 | To be advised |
| SID-Board Accord: Board Evaluation | 24 Aug 2015 | 0900 – 1100 | Marina Mandarin Singapore |
| Audit Chairmen's Conversation | 7 Sep 2015 | 1100 – 1300 | To be advised |
| SID-DPI: Strategic Thinking | 2 Oct 2015 | 0900 – 1100 | Marina Mandarin Singapore |
| Remuneration Committee Chairmen's Conversation | 4 Nov 2015 | 1100 – 1300 | To be advised |

## Major Events

| EVENT | DATE | TIME | VENUE |
|---|---|---|---|
| Singapore Corporate Awards Gala | 8 July 2015 | 1900 – 2200 | Resorts Word Sentosa |
| SID Annual Directors' Conference 2015: Boards and Innovation | 16 Sep 2015 | 0900 – 1700 | Marina Bay Sands |
| Annual Corporate Governance Roundup | 18 Nov 2015 | 1000 – 1230 | To be advised |
| SID Annual General Meeting | 18 Nov 2015 | 1400 – 1530 | To be advised |

## Socials

| EVENT | DATE | TIME | VENUE |
|---|---|---|---|
| Fellows Evening: "The History of Singapore Part 1" by Dim Sum Dollies | 6 Jun 2015 | 1830 – 2200 | Esplanade Theatre |
| Golf Tournament | 28 Jun 2015 | 1100 – 2100 | Sentosa Golf Club |
| Members' Networking: Maximise Your Brain | 23 Jul 2015 | 1800 – 1900 | Marina Mandarin Singapore |
| Members' Networking: Behind the Scene of RWS | 30 Oct 2015 | 1800 – 1900 | Resorts World Sentosa |

Course dates are subject to change. Please refer to www.sid.org.sg for the latest updates.

# Welcome to the family

## March 2015

Chiar Choon Teck
Darby Martin Peter
Ee Lawrence
Hasan Syed Munirul
Hayden Valerie
Ishino Makoto
Lim Ann Loo
Lim Yew Song
Loo Liat Khiang Brian
Lye Soon Ngian
Ma Lan
Ng Chee Wee
Ngim See Lin, Wendy
Poh Heo Tat Arthur
Ragone Rocco Alfonso
Rao Liming
Sanders Harrie Theo
Sim Kheng Wah
Talukdar Sandip
Tan Hong Lye, Cecilia
Tay Ee Heah, Rosalynn
Tay Nguan Sim, Lilian
Taylor Peter
Ting Belinda
Yap Siok Leng

## April 2015

Ang Siew Geok
Arumugam Aramvalarthanathan
Bishop John
Chan Chee Kin
Chang Chew Kient
Chew Suan Lui
Chew Kok Hwa, Tony
Chew Hwa Kwang
Chia Soon Hin
Chong Chin Fan
Dash Sabyasachi
G Rathakrishnan
Goh Shu Fen
Haines Mark Robert
Heng Johnny
Hinrichsen Jakob
Ho Soo Hooi Cindy
Hsu Yuh Feng, Charlotte
Huber Peter
Jaisingh Nainesh
Koh Teck Hong
Lee William
Lee Wai Leong (Jeremy)
Lee Chee Kian Silas
Liew Elaine
Lim Tse Ghow Olivier
Loi Win Yen
Low Terence
Nagano Takuya
Nathwani Reeta
Ng Joo Then
Saha Manik Narayan
Szeto Benjamin
Tan Boon Seng
Tan Yee Peng
Yee Cheok Hong
Yeo Heem Lain Julia
Yuen Thio Stephanie

## May 2015

Chan Kok Pun
Chan Matthew Shiu Kei
Chay Suet Yee
Choy Tet Leen Karen
Erhart Mark Allan
Farmer Wayne
Gim Juliana Poh Pheng
Goh Clement
Holland Cynthia Ann
Joshi Chandan
Karam Din Abdul Jabbar
Khoo Shao Hong Frank
Lee Chuan Guan
Lee Kim Shin
Lee Sean-Loony Robin Andrew
Liaw Kok Feng
Lim Swee Lee
Machida Yoshihiko
Malaney Jasveer
Nojo Isao
Ong Jing Ying
See Hock Lye Eddy
Shet Suresh
Tan Boon Gin
Tay Adrien
Teo Puay Wei
Wong Lai Keen
Wong Weng Hong
Wu Teng Kuo
Yeow See Onn
Yi Alicia

## SID Governing Council 2015

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Willie Cheng

**FIRST VICE-CHAIRMAN**
Adrian Chan Pengee

**SECOND VICE-CHAIRMAN**
Yeoh Oon Jin

**TREASURER**
Soh Gim Teik

**IMMEDIATE PAST-CHAIRMAN**
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Wilson Chew
Daniel Ee
Junie Foo
Philip Forrest
Kevin Kwok
Lim Chin Hu
Elaine Lim
Irving Low
Poh Mui Hoon
Andy Tan Chye Guan
Tan Boon Gin
Tan Yen Yen
Richard Teng
Wong Su-Yen