



CRITICALEYE  VIEW FROM THE BOARDROOM

DRIVING STRATEGIC GROWTH THROUGH TRANSFORMATION

With a wealth of experience on Boards of organisations navigating the complexities of businesses across Asia Pacific, **Penny Goh**, Non-executive and Independent Director and RemCo Chair at Keppel, and the first Independent Non-executive Chair of HSBC Bank (Singapore), talks to Criticaleye about the crucial role of Boards in driving strategic growth and supporting organisational transformation



The risk register for Boards continues to be complex and rapidly evolving. Almost every business enterprise is impacted by geopolitical shifts, uncertainties around supply chain, trade and investment restrictions and rising business costs. Climate change is apparent in the storms, floods and fires that ravage countries on a regular basis, while cyber-attacks and operational

disruptions, like the Crowdstrike incident, pose a constant threat.

Throw into the mix questions around talent, culture, technology, growth and shareholder returns, and it's easy to see why Boards need to operate at the highest level both to challenge and support management teams. It's certainly something **Penny Goh** is familiar

with in her roles as Non-executive and Independent Director and Chair of the Remuneration Committee at Keppel, the Singapore headquartered global asset manager and operator, and as Independent Non-executive Chair at HSBC Bank (Singapore), where Singapore is positioned as HSBC's ASEAN hub for international wealth and regional wholesale business. Prior to this, she >



was the former Co-Chair of Allen & Gledhill, a leading Southeast Asian law firm with offices in ASEAN and Shanghai.

From Penny's perspective, one of the key roles of the Board is to reinforce and strengthen a framework for management teams to think about risks and disruptive forces and what it means for a business over the medium and long term. However, she notes that disruption need not always be seen in a negative light and "... that it can be a catalyst for positive transformation".

Organisational Transformation

By way of example, she describes the significant strategy changes undertaken at Keppel, which operates in over 20 countries. "In 2019, some 30 young future Keppel leaders were tasked with creating their Vision 2030 plan," she says. "There were three teams, and initially, they started with slightly different approaches, but that eventually coalesced into a very bold vision to transform Keppel."

Vision 2030 led to Keppel's transformation from a conglomerate – with seemingly siloed, diverse businesses – into a horizontal platform as a global asset manager that brings together three operating segments of infrastructure, real estate and connectivity (i.e. data centres, subsea cable systems and telecommunications).

Under this operating model, Penny explains that the company has evolved from its initial pillars of growth, which focused primarily on offshore marine engineering services and real estate, into "... engine two and engine three growth pillars with a strong purpose

“Co-creation and ideas from within the organisation can lead to transformative changes designed for sustainable growth”

anchored on the 'New Economy' strategy of sustainable solutions for sustainable urbanisation".

This strategic shift aligns with macro trends that are underway relating to climate change and the transition to new sources of energy. It shows how strategic debate in the Boardroom, when channelled through an approach that encourages "... co-creation and ideas from within the organisation, can lead to transformative changes designed for sustainable growth".

Global Mindset

Penny describes the need for management teams and Boards to have a "... global mindset". She explains: "It embodies the ambition to venture into regional and international markets; to grow your business beyond your home market. I think that's absolutely essential for the future of most companies.

"On the HSBC Bank (Singapore) Board, we pay a lot of attention to enterprise thinking and markets. Questions we

often ask [include]: 'Are we collaborating effectively across business lines, across ASEAN markets, key corridors of the Greater Bay Area, India and even the Middle East? Are we leveraging sufficiently on the international connectivity of the HSBC network?'"

The focus on strategic expansion beyond local markets would be a key priority for many companies based in the region. It is reflected in Keppel's M&A strategy. It acquired – via Keppel Capital Holdings – Aermont Capital, an asset manager based in Europe, in two tranches, completing the initial acquisition of a 50 percent stake early this year with a cash and shares consideration. Penny says that "... it is a leading European fund management platform, and the purpose is to steer our push into the European market".

The Board was involved at inception, providing input on key strategic issues around "... alignment of culture and values, capabilities of the leadership team and potential new business growth".

A common criticism of M&A transactions is the prioritisation of acquisition deal metrics over the importance of the subsequent integration process, which might partly explain why many acquisitions fail to deliver long-term value. Penny emphasises "... the need for Boards and management to stay focused on the vital challenges around different cultures, systems, technologies, talent and incentive structures, and how well we develop group synergies, post acquisition".

Board Effectiveness

An effective Board guides and supports management towards a strategy of >



growth and transformation while balancing the imperatives of risk management and stewardship responsibility.

Penny comments that the Board should expect management to provide material, succinct information and data for Board and committee discussions. “What we want to avoid – which happens often – is being swamped with a ‘data dump’ of operational reporting.”

She continues: “With the quarterly business updates, the Board would want to hear from the business segments their strategic analysis on business performance, existing capabilities, emerging trends, innovation,

digitalisation and AI ... What does it take to accelerate? What risks can derail our plans? Anticipate the unexpected!”

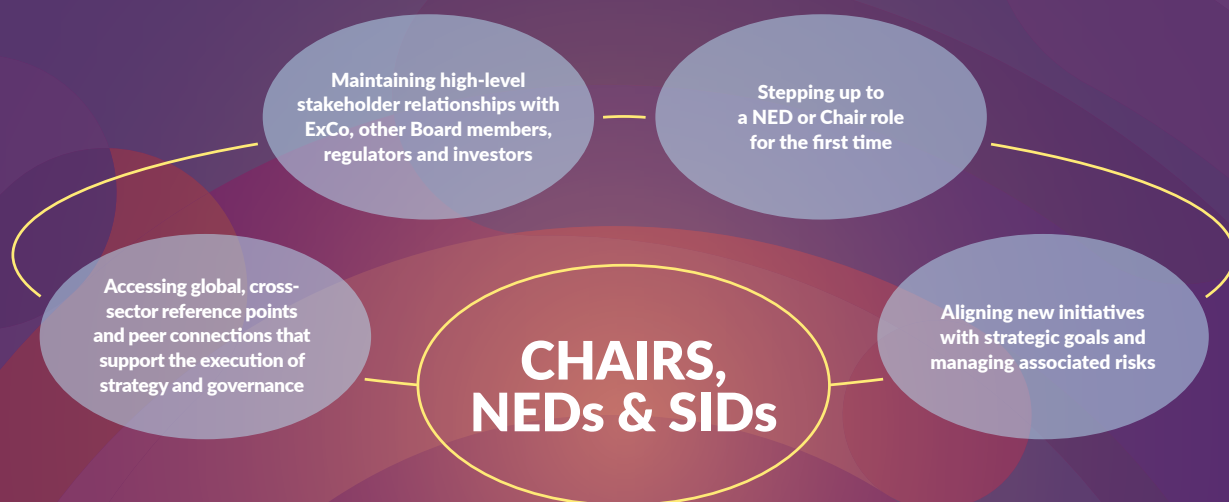
The element of trust and transparency can’t be underestimated if a Board is to achieve high performance. Meetings and conversations with the CEO outside of the Boardroom, or closed-door sessions without management after formal Board meetings, can be helpful. This is when Board members can have very open, constructive discussion on key themes raised at Board meetings, allowing for sensitive topics to be highlighted, such that the Chair may determine how such issues should be followed up.

Penny concludes by saying, “If the Boardroom culture and dynamics are right – and so much does depend on the tone from the Chair and the CEO – it ... creates the optimal architecture for Board members to draw on their individual expertise and experience to engage, challenge and support management. In a global landscape fraught with volatility and uncertainty, particularly in the Trump 2.0 environment, both Board and management must work together to deal with the immense challenges with agility and adaptability, and at the same time seize on opportunities.”

As **Penny** emphasises;
“We must succeed together.” ■

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