

Interview

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In an organization that spans as many diverse businesses as the Keppel Corporation, identifying who has the ‘right stuff’ to lead can be a complex challenge. CEO Choo Chiau Beng, who first joined the company as a management trainee in the shipyard, shared with THE FOCUS what he has learned about recognizing potential leaders during his more than forty years with Keppel.

The Focus: In the course of your career, you have held a variety of leadership positions: heading the company’s first venture overseas, restructuring its shipyards, and now serving as Chairman of Keppel Offshore & Marine, Keppel Land Limited, and Keppel Infrastructure Holdings and as CEO of the entire Keppel Corporation. You also hold the position of Singapore’s non-resident ambassador to Brazil. What do you see as the most important traits of a genuine leader, whether in business or in other endeavors where leadership matters?

Choo Chiau Beng: Above all, leaders must have a passion for what they are doing. Leading in any organization, whether it is in a commercial, a not-for-profit, or a political setting, entails a great deal of hard work. If you lack a keen interest in the work and a passion for it, your people will pick up on your attitude and in return will make only a half-hearted effort.

You must also be able to win trust; and to win trust you must be genuine, sincere, and honest in what you say and what you do, because if you are not, people will find you out over time – there is no way that you can hide.

You must have a strong desire to achieve results and be able to motivate your people to aspire to the highest achievement of which they are capable.

Passion, trust, achievement are not only about your personal traits, but about how you are perceived so that people will follow you. Your people should see that you have both feet planted firmly on the ground and your arms stretching for the sky.

Keppel Offshore & Marine, your largest business, appears to be a highly meritocratic company where people can do very well whether they have fine academic credentials or come from less prestigious backgrounds. How much of this is due to the nature of a business where people can prove themselves in the shipyards and how much to the leadership philosophy that you’ve just described?

I think it’s a bit of both. We are very pragmatic about what we need and realistic about what people have to offer, no matter what their backgrounds may be. For example, someone with a first-rate education may lack the people skills to be a project manager or to develop people, but he may be ideal for our engineering analysis team. But if he has the capacity to learn, he can





The interview with Choo Chiau Beng in Singapore was conducted by Elaine Yew, Egon Zehnder, Singapore, and Gauri Lakhanpal, Egon Zehnder, Singapore (right).

Keppel Corporation

The Keppel Corporation employs 40,000 people in 30 countries around the world, making it arguably Singapore's most global company. The Keppel Group includes Keppel Offshore & Marine, Keppel Infrastructure, and Keppel Land. Keppel Offshore & Marine is a global leader in offshore rig design, construction and repair, ship repair and conversion, and specialized shipbuilding. Keppel Infrastructure is a provider of environmental solutions and engineering services for municipal and industrial clients. Keppel Land is a developer with a portfolio of residential developments and investment-grade commercial properties in Singapore, China, Vietnam, India, Indonesia, Malaysia and Thailand. The Group's biggest business is building offshore rigs. Revenue in 2012 totaled nearly S\$14 billion.

develop the required people skills. It's a matter of him having that desire and of our ability to determine that he's capable of that kind of growth.

That ability to identify what people might be capable of is becoming increasingly important as companies now hire not just for today's job but for tomorrow's – expecting someone to be a successor in a key position or to be able to change as the company changes. Yet many organizations have great difficulty accurately assessing potential. What are some of the challenges you see in identifying and developing high potentials?

First, you have to be on guard against being misled by some of the more superficial characteristics of an individual. For example, someone who is highly articulate, who has great presence, and is adept at giving presentations may appear to have more potential than someone who is less polished in those areas. Yet, when the time comes to deliver results in a particular role, the superficially impressive person may fail, despite your belief that he or she shows great prom-

ise. I think a lot of mistakes have resulted from favoring someone who is more articulate and poised over someone who may not be quite so smooth. The real issue in evaluating potential is to determine whether someone has the capacity to deliver results, not presentations. Our school system often makes the same mistake, designing an admission system that favors form over substance.

Second, you have to continually re-evaluate people, because everyone develops differently, at a different pace and depending on circumstances. We don't assess people for potential just once and then treat them in accordance with those results for the remainder of their careers. We evaluate most people every year and younger people every six months on both their potential and their performance. Some observers maintain that someone who is identified as having great potential will remain a high potential, but we believe that potential is more dynamic than that, so we revisit it every time we evaluate someone.

We have found that when identification

of high potentials is left to intuition or 'gut feel', leaders tend to choose protégés who remind them of themselves at a younger age. How do you guard against that natural human tendency, which can get in the way of selecting the individual who genuinely has the greater potential?

It's important to have a framework for evaluating potential that is as objective as possible. Then you must continually challenge people in the roles they are given, where their performance will confirm or refute the accuracy of your earlier assessment of their potential. You cannot let them coast, simply because they have been identified as having potential.

But even with an objective framework for potential you still have to recognize that bosses are human and that they may not always be able to eliminate subjectivity from their evaluations of their people. As a collection of diverse companies, we have a built-in safeguard against that kind of subjectivity over the long term in that people work for many different bosses during their careers here. So even if one boss judges you



inaccurately and makes little use of your ability, you will get many more chances to be evaluated fairly – and to prove yourself. **That raises an interesting issue: no matter how much potential you may have, it goes to waste if you are never given an opportunity to fulfill it.**

Yes, something has to trigger the potential. Sometimes it can be a different boss, a new role, or a completely unforeseen event that brings out the best in people. That's why we try to create a lot of different kinds of opportunities for individuals to shine – and for those with entirely different skill sets to shine in different ways. For example, an engineer here might pursue any of several tracks – becoming a leading specialist in hydrodynamics, or becoming a generalist project manager and maybe advancing to general manager. It's not just a matter of having great potential, but of understanding what that potential is best suited for.

It has been reported that in the 1980s when you were told that shipyards were a sunset industry, you said to your peo-

ple, “The sun sets, but the sun also rises. Two-thirds of the world is still covered by oceans.” That suggests a high degree of determination. How important do you think determination is as an indicator of potential?

Certainly, you want people who are determined. When Keppel Shipyard Pte Ltd was formed in 1968 from the Dockyard Department of the Singapore Harbour Board to be an independent corporate entity, Swan Hunters, the leading Shipyard Group in the United Kingdom, were invited by the Singapore Government to manage this new company. Many Singaporeans returned after the studies overseas to join Keppel Shipyard. In 1970, the Singaporeans in Keppel, from the chairman down to the young managers and engineers, were determined to demonstrate that they could not only turn Keppel into a commercial entity but that they could manage it themselves. I had joined in 1971, and I can tell you we were a highly determined team. And when Swan Hunter's contract expired the following year it was not renewed.

“If you refuse to adjust to unfamiliar circumstances and choose instead to stay in a cocoon, you might as well stay home.”

Resilience – the ability to be undeterred by setbacks – is also a factor in determination. In the 1980s, it did appear that the industry was in trouble – Mitsubishi was withdrawing, Hitachi was having difficulties, Marathon had gone through various corporate permutations. It was a tough time, but we were determined to see it through and to be ready when the market inevitably took off again. When it finally did so in 2003, we were better prepared than anyone and we've had a strong ten-year run in oil rigs as well as ship repair, conversion, and building.

Choo Chiau Beng

Mr. Choo holds an M.Sc. in Naval Architecture from Newcastle University and attended the Program for Management Development at Harvard Business School. Appointed CEO of Keppel Corporation in 2009, he is also the Chairman of Keppel Offshore & Marine Ltd, Keppel Land Limited, and Keppel Infrastructure Holdings Pte. Ltd. Mr. Choo began his career with Keppel in 1971 as a ship repair management trainee. In 1975, he was appointed Executive Vice President and CEO of a new Keppel shipyard in the Philippines. Returning to Singapore in 1980 he joined the board of Keppel FELS, becoming Managing Director in 1983 and Chairman in 1997. In 2002 he headed the restructuring of Keppel's shipyards and was appointed Chairman and CEO of the new entity, Keppel Offshore & Marine.

So is determination the number one indicator for you that an individual has the potential to become a successful leader?

No, there are a number of other things as well. You need to have a high intellect, you need to be securely grounded, to have emotional intelligence, and to be able to dream big. Someone who lacks the intellectual firepower to analyze challenging situations is not likely to rise very high. Analytic ability by itself is insufficient. You must also be intellectually honest, which is what I mean by grounded – when you don't know something, you say so; and when you do know something, you stand by it. You must also be able to read people – to interact genuinely with them and to lead and motivate them. At the same time, you should be ambitious, willing to take on tasks and to dream a bit bigger than other people.

How important are stretch assignments in the development of high potentials?

Again, it's a question of triggering someone's potential – of bringing out the best in them. There are few learning opportunities as rich as taking on a role or assignment that is out of your comfort zone but within your capability. But when someone is given a challenging assignment, the organization must take care to support them with experienced people.

How much room should someone in a stretch assignment be given to make mistakes? Does the company have to be willing to accept more risk in order to develop leaders that way?

Our philosophy is that you don't punish people because of one mistake. In a sense, a mistake is a lesson that the company pays for the manager to learn. And of course it depends on the kind of mistake you make. If it's a serious mistake and you make it more than once, then perhaps you should not be here.

As for risk, we have to analyze it very carefully because there are some risks that could lead to fatalities. We cannot allow anyone to take those kinds of risks.

Apart from development opportunities, how does your organization nurture high potentials?

We have a Young Leaders program that identifies high-potential people from business units worldwide and provides them with mentorship through an advisory panel of senior management from across the Group.

When we recruit people, we ask current

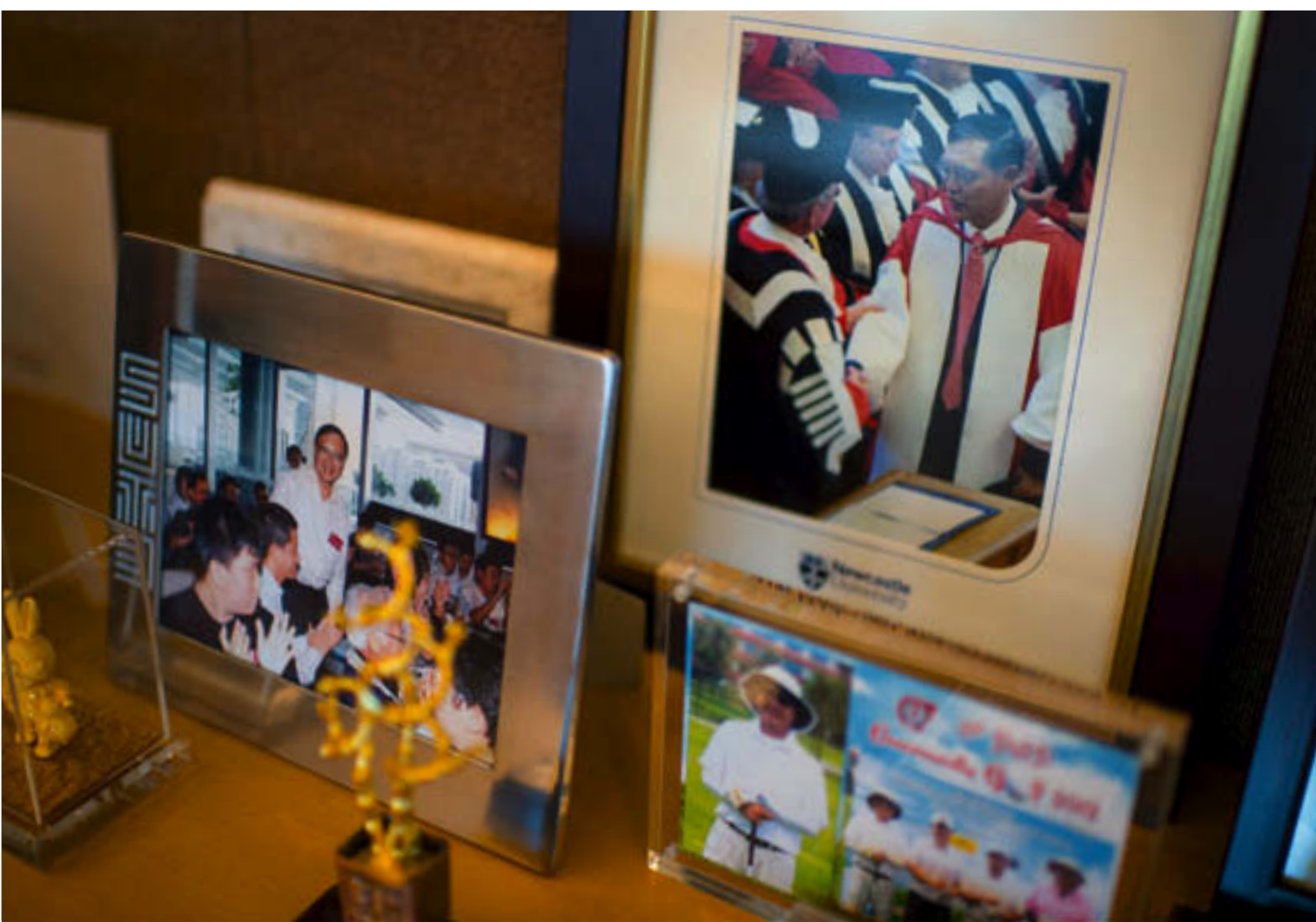
employees to volunteer to mentor them. We conduct a training program for the mentors, each of whom takes one or two recruits under their wing. The recruits also have access to other managers, and our open-door policy encourages frequent interaction for advice and guidance.

In your experience, what kind of environment enables leadership talent to flourish and high potentials to develop quickly? Are some forms of organizational structure more conducive than others in that regard?

Generally speaking, I think that highly bureaucratized organizational structures can impede the rapid development of high potentials. In a less hierarchical organization you can genuinely empower people to make decisions and to grow in their roles. If they have a critical issue that they need help with or need a green light for an initiative, they can go directly to the most appropriate person instead of sending everything up through the chain of command. That way, they are both empowered to act and protected from doing things that are unwise.

You've been quoted as saying that your company's core values play a major role in recruitment and retention and that promotion from within is one of the surest ways to preserve and pass on values. What are those values and how do they help with talent issues?

Values not only help with talent issues, they are really the glue that holds us all together. When we formed Keppel Offshore & Marine in 2002 during the restructuring of the Group, we had about 15,000 employees in the division. In thinking about how we would achieve cohesion among this large and diverse group of people, we made a conscious decision to develop a set of core values that everyone could agree on: passion, integrity, customer focus, people-centeredness, safety, agility and innovativeness, collective strength, and accountability. We believe that for us to be successful, all of our people, from top to bottom, must adhere to these core values, and we communicate that continually. When we recruit people, we consider carefully whether they are capable of living these values. Our philosophy is that we can teach skills, we can improve someone's performance, and we can provide experience, but we cannot change an individual's deepest attitudes and values.





As high potentials progressively fulfill their promise, they are often besieged with outside job offers. What do you do to retain them?

I think that what keeps them here is the opportunity for continual growth, through many different jobs, diverse businesses, and many geographies. That is a huge attraction to people who have high aspirations and the requisite motivation. Today there are many opportunities for Singaporean professionals, especially if they are prepared to re-locate to China, Vietnam, or other places in the region. But you must be sure not to forget them once they've left headquarters; you can't take them for granted.

Was there a particular role that was pivotal for you in your development as a leader or that represented a big leap forward?

In 1980, after four years spent establishing and running a Keppel shipyard in the Philippines, I returned to Singapore to work in Keppel FELS, the offshore rig operation. The general manager was a former boiler-maker who did not know finance, so my job was to handle the commercial side, though I had never read an offshore contract in my life. It was a very steep learning curve. You had to evaluate a design specification, bid for the job, negotiate, and then execute the project. Virtually every project they had in the yard at that time was late and over budget. Of course, the first culture of the organization is usually quite a daring one, and that was the case back then. They would take on a new design, guarantee performance, and assume unlimited liability – all on a design that had never been built before – and they didn't understand the risk they had taken! So there were many issues there to address and I devoted day and night and the weekends to working on them.

You've had a great deal of international experience and you've been part of Keppel's international expansion almost from the start. Taking advantage of the learning opportunity that international experience can provide calls for an adventurous spirit. Do you think younger people today are as daring or adventurous?

I think they are far more exposed to the other cultures and experiences than previous generations. Today, even very young people, in secondary and primary school, are exposed to other countries and cultures – studying abroad, participating in not-for-profit work during their vacations, and travelling. I didn't step on an airplane until I was twenty years of age, when I went off to university in the United Kingdom. The key to taking advantage of international experience – in business, education, travel, and other endeavors – is to work very hard to learn from the locals. If you refuse to adjust to unfamiliar circumstances and choose instead to stay in a cocoon, you might as well stay home. You will only learn to the extent that you are really willing to live a different culture.

Did you have a mentor who was particularly important to you and, if so, in what ways?

At the University of Newcastle upon Tyne I had a professor of naval architecture who had been trained as a naval constructor designing and building ships. He taught me something very important about engineering that I think is broadly applicable in many areas. Unlike a lot of engineers, he did not believe in using formulas to solve engineering challenges; instead, he would always go back to first principles. If something doesn't work in terms of first principles then it probably isn't the right solution.

You recently announced your intention to retire in January 2014 and your successor has been named. When did you first begin thinking about succession?

When I first came on board as CEO. I knew from the start that one of my most important tasks was to begin considering who might eventually take over from me.

The job of CEO is like no other role in an organization. How early do you think it is possible to predict with some accuracy that someone has the potential to be a successful CEO?

I think it depends on the nature and complexity of the business the individual might be called upon to lead. In a company focused on a single business, you can identify candidates relatively early. But in a complex enterprise, with many diverse businesses, more time is required to find out if someone has the capability to handle all of the complexities a conglomerate entails.

During your career with Keppel, it has become a complex, mature company.

Have the scale, complexity, and success affected the kind of people you think have the potential to succeed in the company today?

No matter how big or complex the company, the key to success is that improvement is a never-ending process. You can't stand still – your competitors certainly won't. This is what our people must do all the time – constantly strive to do things faster, better, and cheaper, while taking safety fully into account. That won't change. But if there is any difference between today and the past, it is that everything – technology, competition, information – moves faster than ever before. To succeed, in Keppel or anywhere else, you will have to be able to continually learn, re-learn, and then learn some more.

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