

Women directors urged to rock the boat

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A WOMAN director has called on fellow women directors to “rock the boat” when the situation calls for it.

Jan Babiak — who has served on board in five countries — noted that in a previous board on which she served, dominated by male CEOs, they would not ask questions that they would not want to be asked themselves in their own boardroom.

“In this kind of situation, directors are more likely to have consensus and collaboration, and they also think alike.

“Women may ask questions in a different way, and the very fact that we're asking a question rocks the boat and sometimes makes people uncomfortable with us,” she said.

Babiak, a director at Walgreens Boots Alliance Inc and Bank of Montreal, did provide a word of caution: “It's very important that we disagree without being disagreeable. A woman director, kind of, has to be the ‘velvet hammer’ in that she really has to make her point, but do it in a consensus-building way.”

This was one of the issues that cropped up at a discussion session organised by the WomenCorporateDirectors Foundation (WCD).

The board briefing series, entitled “Managing Tough Issues in the Boardroom”, was attended by directors and executives from companies ranging from Walgreens Boots Alliance to JPMorgan Chase & Co, sharing governance strategies around complex board events.

Among the other topics addressed were navigating conflict of interest situations around director investments, how independent directors play a vital role in surfacing issues, protecting board deliberations in an era of increasing demands for transparency, and getting creative around board structure to meet specific situations.

WCD claims to be the largest organisation of women board members worldwide.



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Conflict of Interest

In a post-briefing report, it noted that boards can also use special committees to provide a forum to explore options around critical strategic challenges, but they also need strong, independent voices that are not afraid to ask questions.

Kenyan-based Etiquette Xllent Co Ltd CEO Eunice Nyala shared an experience about a previous board on which she served as an independent director, in a major real estate company in Africa, also based in Kenya.

“The company was forming a strategic partnership with another firm, a ‘marriage’ with one providing the financial backing and the other providing the know-how.”

But the other company began buying up interests in companies that competed with its partner, and there was a breach on the shareholder agreement, she explained. Projects started delaying, and funding was not coming through when it should have.

“As the independent director, I had to be bold



Panelists (from left) JPMorgan Chase & Co lead director Phyllis Campbell, Babiak and de Saint Victor at a discussion session organised by WCD

and get in there and ask the tough questions,” said Nyala. “What was happening? Why were things not moving along as they should?”

“Other board members were all shareholders, and were very selective in what they would ask and not ask. I was not a shareholder, and I asked about everything. Because of this, my vote was very critical, very much needed to balance things out.

“What I brought to the board was diversity,” said Nyala. “The company needed my competence due to my background and wealth of experience in financial services, and having worked within multinational organisations, as well as the ethnic balance and gender balance I brought to the board. These were additional factors that drove my role in asking the questions that needed to be asked.”

Transparency

The process by which the board makes its decisions around tough issues can be just as

important as the decision itself, the report added.

While successful boards protect their deliberations, allowing directors to express dissent and take a deeper look at issues that need examining, this must be weighed by a careful adherence to and documentation of the deliberative process.

On this matter, Swiss-based conglomerate ABB Ltd general counsel and secretary Diane de Saint Victor said at the end of the day, it boils down to two fairly basic questions.

“Can we live with it? ‘It’ being the outcome, and can we live with the decision-making process that led to this conclusion? We have to assume that it will become public, and we have to feel comfortable that if it does become public, we're fine.

“Transparency has dramatically changed the overall dynamics in the boardroom. Transparency ends up driving honesty, and the overall outcome is probably better,” she said.

Kuala Lumpur continues on a competitive streak



KL STREET WISE

by **DATUK ZAINAL AMANSHAH**

I HAVE just returned from a Europe trip accompanying the Minister of International Trade and Industry (MITI) Datuk Seri Mustapa Mohamed.

Besides discussing the proposition of Kuala Lumpur and Malaysia to potential investors (which was the main objective of the trip, of course), there were also interesting chats on the sidelines on global uncertainties such the Catalonia referendum in Spain, Brexit, the Japan elections, China's Party Congress, our own election and how they will affect investment decisions. Also just last week, MITI announced that Malaysia recorded a 28.2% year-on-year drop in approved investments for the first half of 2017.

My conclusion is that investments will be cyclical in nature moving forward. What's important therefore, is good content and outcomes when investments do occur.

In the past few weeks, we greeted news of international giants Oracle Corp and Honeywell International Inc announcing the setting up of regional centres here, deepening their presence in the nation. The decisions by the two multinational corporations (MNCs) were pretty momentous for Kuala Lumpur, as a city, and Malaysia, as a nation. These major international players chose to base themselves here to serve their customers regionally.

This proves that despite the uncertainties, our fundamentals remain strong and we continue to see high quality investments, front and in, attracting big MNCs.

The development came on the heels of some good news on the competitiveness front. The World Economic Forum (WEF) has just recently released the Global Competitiveness Report 2017-2018. Malaysia moved up two notches to the 23rd position, in its Global

Competitiveness Index 2017-2018 rankings.

Oracle, Honeywell

Surely, the likes of Oracle and Honeywell would have considered all factors, including competitiveness, when charting their way forward.

In September, Oracle opened its first Digital Sales Hub in South-East Asia in Kuala Lumpur. The new facility allows Oracle to support small and medium enterprises (SMEs) in Malaysia and 21 other countries in Asia Pacific to get access and support to the cloud solutions and resources they need to power digital transformation.

We are delighted that Oracle chose Kuala Lumpur. Needless to say, it is very much in line with our government's focus on digital economy. It will generate a positive impact on the local ecosystem in terms of talent identification and development.

Oracle said it will be hiring over 200 people for this hub in order to better connect with regional customers. They picked Kuala Lumpur as the central location based on its cultural diversity and the available local talent pool.

It will also directly benefit SMEs and forge collaboration with local universities. These are areas crucial for the continued development of the nation.

Honeywell, a global Fortune 100 software-industrial company, chose Kuala Lumpur for its new Asean regional headquarters. They will be providing specific solutions to industries in aerospace, home and building technologies, safety and productivity solutions, and performance materials and technologies.

At this juncture, Honeywell has a workforce of 1,500 in Malaysia, with more than 4,000 employees across the region. To date, Honeywell has invested over US\$500 million (RM2.12 billion) in Malaysia over the past decade.

The new Asean regional headquarters in Kuala Lumpur totalling 74,000 sq ft has over 400 employees from four business groups. They will continue to hire and develop local talents to support Honeywell's businesses across the region.



Pic by Ismail Che Rus

I want Kuala Lumpur to be the No 1 city in the world, says Mustapa

Looks like Honeywell has hit the ground running.

WEF Global Competitiveness Index

The two major MNCs making Kuala Lumpur as their regional headquarters support the numbers coming out of the WEF index. Malaysia is second only to Singapore when measured for overall competitiveness in Asean, far outstripping the other nations in the region. Thailand stands at the 32nd spot and Indonesia at 36th.

In a nutshell, the index tracks the performance of 137 economies on 12 pillars of competitiveness. It assesses the factors and institutions identified by empirical and theoretical research as determining improvements in productivity, which in turn is the main determinant of long-term growth, and an essential factor in economic growth and prosperity. The 12 pillars are: Institutions, infrastructure, macroeconomic environment, health and primary education, higher education and training, goods market

efficiency, labour market efficiency, financial market development, technological readiness, market size, business sophistication and innovation.

Malaysia did well in a number of areas. For business sophistication, our nation did well for the extent of marketing (10th) and state of cluster development (13th). We also had an equally impressive score, at the 15th spot, for local supplier quantity and value chain breadth.

Innovation and Business Sophistication

Malaysia performed well when it came to innovation and sophistication factors, ranking 21st in the global index.

Under innovation, Malaysia scored extremely well for government procurement of advanced technology products, and the availability of scientists and engineers, ranking fourth and seventh globally respectively. This is very encouraging. International firms have certainly recognised this as an encouraging nod for them to park themselves in Kuala Lumpur.

It is heartening to observe that the nation is making strides in these areas. Moving up two spots in the WEF's Global Competitiveness ranking is a good sign. This result proves that Kuala Lumpur continues to move on an upward trend to become a beacon of competitiveness.

It is clearly moving towards the aspirations of MITI and Mustapa. He said recently: “I want Kuala Lumpur to be the No 1 city in the world. I hope Malaysia would be a country that is respected, and we can walk tall for the substance that we have.”

Let us strive to ensure that we continue to be consistent and to be the best at what we do, now and in the future.

Datuk Zainal Amanshah, InvestKL CEO since 2011, brings with him 20 years of private sector experience in senior positions at MNCs, Malaysian companies and startups. You can follow Zainal on Twitter: @Zainalamanshah