

Have you planned to pass the baton?

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"It's part of my own philosophy that there comes a time when you need to hand over the baton for the next guy to run." - IJM Corp Bhd chief executive officer Datuk Krishnan Tan. A GOOD company or organisation must produce its own leaders. It's a great morale and confidence booster for staff, and at the same time a wonderful marketing tool.

Such a company would be a magnet for talent. Who would not want to work for a company, secure in the knowledge that if you are smart and work hard enough, you have every chance as the next guy to get the top job? It has been about five years since Malaysia started a plan to change government-linked companies (GLCs) and make them more efficient, bigger and regional champions. The mantra now is to be a global champion.

But look closer and it seems that GLCs have not put in place measures to retain talent and ensure they have the next best person to run the business when the CEO calls it a day.

Top lender Malayan Banking Bhd is a good example. It had a CEO for more than 10 years and it still needed to hire someone from outside the company to be the new chief.

UEM Group Bhd, a diversified group that has more than 15,000 people nationwide, also had to hire a CEO that's not from within its ranks. Tenaga Nasional Bhd had to employ a chief financial officer from another company because its CFO left for UEM.

To be fair, even large Western companies would hire outsiders as CEO when circumstances call for it. This is normally when times are bad and the company needs someone with a special ability, normally in turning around businesses, to take the wheel.

The GLCs in Malaysia are under the same predicament. The transformation plan started in 2004 and we wanted to see regional champions in 2010. Obviously, this places pressure on management to produce quick results and more so when you only have three years to do so. This is the danger of "short-termism", the inability to look ahead and plan beyond that short period.

How do we fix this? It should all boil down to CEOs and their boards. CEOs need to identify their potential replacements, train them, and test them. The board must encourage and support the CEO.

Our sole Fortune 500 company Petroliam Nasional Bhd (Petronas) is a great example when it comes to succession planning. Look at its shipping subsidiary MISC Bhd, for example. Its current CEO was a talent identified years ago and the company took the time and effort to develop him.

Even Petronas itself has a succession plan that's quite evident to anyone who has been following the group. I personally don't agree if an outsider is named CEO of the oil and gas group, but that's another story altogether and that has been extensively reported.

When companies produce their own leaders, it is a source of pride. If companies or organisations have problems filling top jobs, then something is wrong with the way it trains and develops people. The quicker we realise this, the faster we will solve this problem.

For a few years now, a common complaint is about the shortage of talent. I am starting to doubt that. I think there are plenty of them, but we have failed to give them the chance and we have failed to train them properly.

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