

Temasek a chip down ; ‘Code of silence’ fuels speculation about reasons for split

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Did heads butt over company strategy? Was there a proposed house-cleaning that ruffled feathers? Or did he have a tough time acclimatising to the corporate culture?

Speculation went into overdrive last night after Temasek Holdings made a shock announcement that some “differences” had caused the state-owned investment firm and Mr Charles “Chip” Goodyear, the globally-respected business hotshot originally set to succeed Ms Ho Ching as CEO, to part ways.

The U-turn came just over two months before the official handover on Oct 1. It was viewed as a sign of corporate maturity at best; at worst, egg on the face for the sovereign wealth fund whose recruitment of the American in February had been read as a deflection of criticism that Temasek’s overseas investments served national interests. Ms Ho, 55, is the wife of Prime Minister Lee Hsien Loong.

“It’s embarrassing because everyone seemed well prepared (at the time of the February announcement). It had seemed like a seamless transition,” said Dr Mak Yuen Teen, a veteran corporate governance watcher.

Temasek had begun courting Mr Goodyear in 2007, and NUS Business School Associate Professor Ho Yew Kee was “a bit disappointed that after such an extensive search ... we have to start all over again”.

The next step will likely see the company mount another global search and relook the ranks within, say observers. But for now, Ms Ho will stay on as executive director and CEO — for how long, the press statement did not say — while Mr Goodyear, 51, will leave the board on Aug 15. Singapore Management University law don Eugene Tan ventured: “I don’t think (Ms Ho) is staying for long ... that would set some tongues wagging about whether she was in the way.”

Mr Goodyear joined as a director in February and was made CEO- designate in March, with an impressive record of having revived a once-debt-ridden BHP Billiton during his tenure at the world’s biggest miner.

In a sign of his seriousness about the new job in a new environment, Mr Goodyear was publicly seen in the past six months at union-organised events and a charity fundraising corporate run in April.

Lack of details a stumbling block in fresh search

The sudden about-turn “will present Temasek with its own challenges in finding an equally-capable replacement”, said Mr Jon Robinson, managing director of consultancy Freshwater Advisers. Or, as Assistant Professor Tan put it: Candidates would be “more cautious” about taking up the hot-seat.

One reason is the lack of details — or what a human resource expert dubbed a “code of silence” — surrounding the break-up. All Temasek’s statement let on was that “the Temasek Board and Mr Goodyear have concluded and accepted that there are differences regarding certain strategic issues that could not be resolved”.

Pressed for details, chairman S Dhanabalan’s emailed response to Channel NewsAsia just said: “The differences in and of themselves are not the issue, but they have helped both the Board and Chip to assess that it is in our mutual interest not to continue with the planned leadership transition.”

Observers ventured myriad reasons for Mr Goodyear’s premature departure, including that he had mooted changes that swerved from the firm’s current strategy.

Recently, Temasek made its first forays into the commodities sector, which Mr Goodyear is obviously familiar with and which has started booming again.

But “his proposals for the firm’s new strategic direction were considered too risky by some”, according to a Dow Jones report citing an unnamed source. “He also planned some changes for the senior management that weren’t well received, the person said.”

Perhaps a point of contention was the dynamic between the CEO and the board, said Dr Mak. “It could be the kind of authority divided between him and the board.”

Better now than later

Whatever the differences, some analysts including Prof Ho applauded Temasek’s “maturity” in ending the contract before the new leader introduced more major changes.

Already, Mr Goodyear has begun “a number of initiatives” that Ms Ho says will help strengthen the Temasek platform and which she plans to complete, she said in the statement.

It’s good that Temasek is responding sooner rather than later, as there is less “collateral damage” at this point, said Dr Gillian Koh, senior fellow at the Institute of Policy Studies.

From the looks of the official statement, the parting of ways was not visibly sour. “I’m sorry that we are unable to continue with the leadership transition. Temasek has a fantastic platform and I wish the Board, Ho Ching and the team all the best,” Mr Goodyear said in the press release.