

ENHANCING BOARD EFFECTIVENESS

Speaker :
Aziz Bakar
CEO, Malaysian Directors Academy (MINDA)
Asia SOE Network Meeting, Seoul 17-18 May 201

Private & Confidential

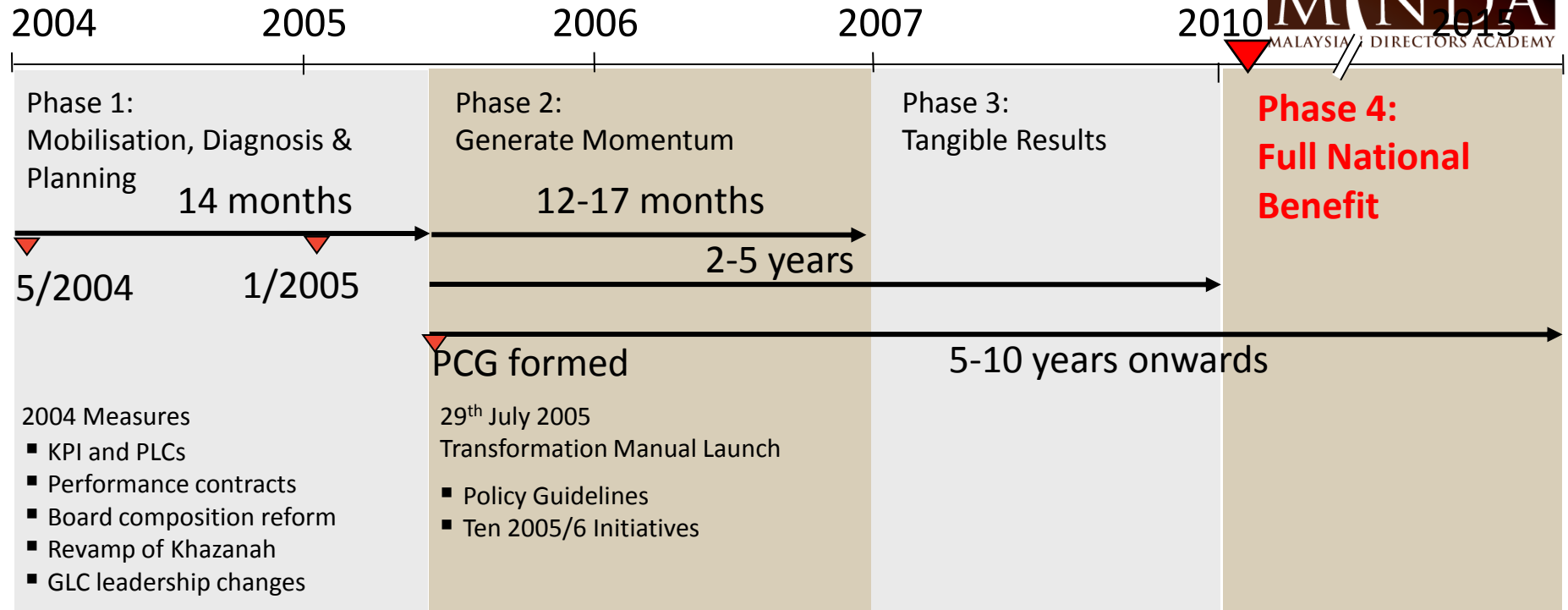


Let's begin by asking ourselves some key questions...

1. Why train SOE Directors ? *Business Case...*
2. What are their development needs ? *Content...*
3. Who should be trained ? *Target Groups...*
4. When to start ? *New, Experienced...*
5. *Where do you send them ? Directors Academy...*



GLCT PROGRAMME IS A LONG-TERM PROGRAMME OVER 10 YEARS.



Targeted outcomes:

- Diagnosis of GLCs conducted
- Determination of Policy Principles
- Initial 2004 Initiatives launched

- 2005/6 Initiatives implemented
- Full roll-out in place
- Key policies endorsed and executed upon
- Early fruits of sustainable improvements

- Maintain momentum
- Tangible & sustained benefits across GLCs
- Visible benefits to all stakeholders, e.g., customers, vendors, employees, etc.
- Large scale strategic and financial changes made
- Material changes to Boards

- Several regional champions
- Most GLCs performing at par with competitors



DEFINITION OF GLC (SOE) IN THE CONTEXT OF GLCT PROGRAMME

- The Programme only covers GLCs held by Federal Level GLICs
- GLCs are companies where
 - GLICs are either the majority or single largest shareholder
 - GLICs have ability to exercise and influence e.g.
 - Appointment of Boards and Senior Management
 - Award of tenders and contracts via Board
 - M&A, divestment, strategy, restructuring and financing, etc.

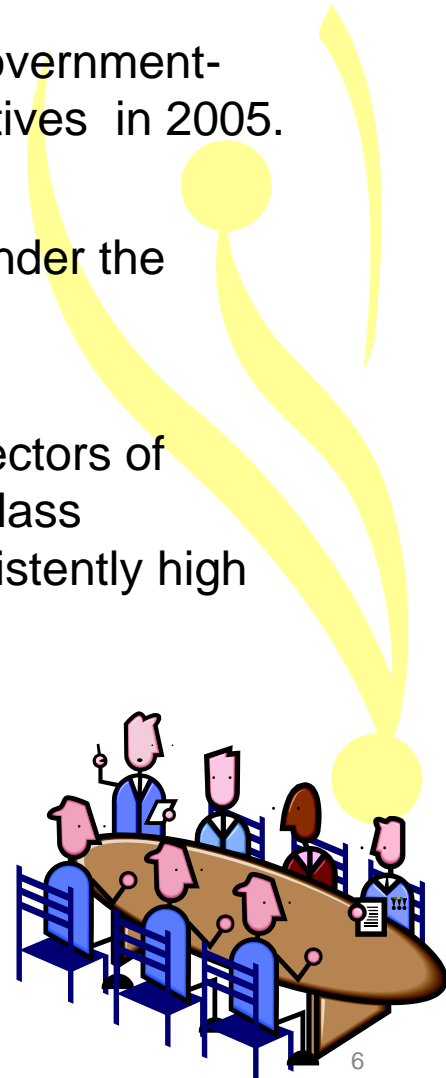
MINDA IS THE OUTPUT OF INITIATIVE 2 UNDER THE GLCT PROGRAMME



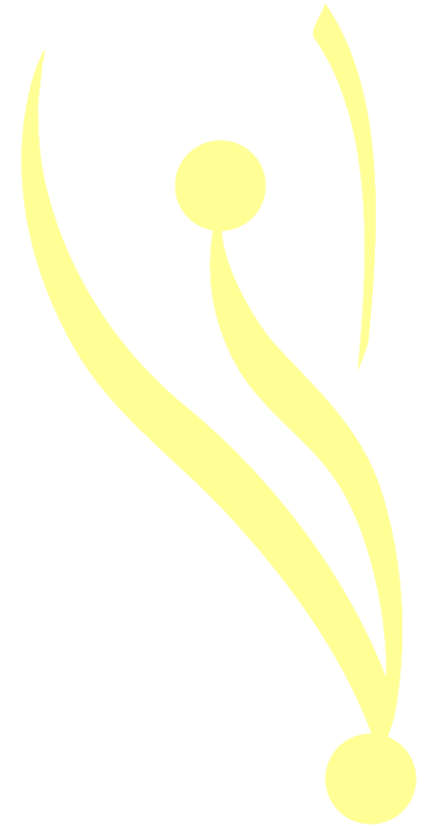
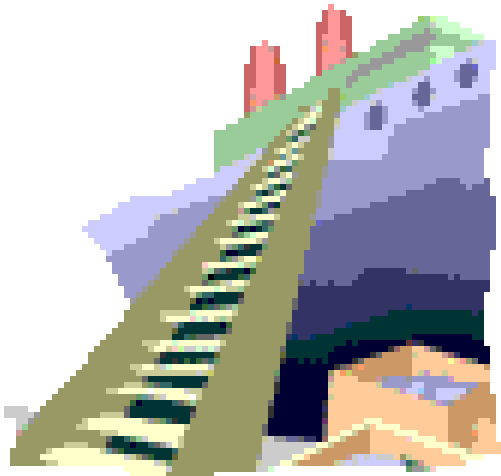
No	Initiatives	Description	Output	Launch Date
1	Enhancing Board Effectiveness	To enhance Board effectiveness through revamping Board practices and processes	Green Book	April '06
2	Strengthening Directors' Capabilities	To develop a strategy to match Directors to the right Boards and to establish a Directors Academy	Malaysian Directors Academy (MINDA)	December '06
3	Enhancing GLIC Monitoring & Managing Functions	To reinforce the ability of GLICs to monitor and manage individual GLCs.	Brochure on Monitoring and Managing Framework	December '06
4	Improving Regulatory Environment	To enhance regulatory capabilities at GLCs and create a Regulatory Knowledge network	Programme for Managing Regulatory Environment	September '06
5	Achieving Value Through Social Responsibility	To guide GLCs to become responsible corporate citizens while creating value for their shareholders and stakeholders	Silver Book	September '06
6	Reviewing and Revamping Procurement Practices	To enhance the effectiveness and efficiency of the procurement processes in GLCs	Red Book	April '06
7	Optimising Capital Management Practices	To establish guidelines for GLCs to optimise their capital structure	Purple Book	December '06
8	Strengthening Leadership Development	To improve GLC capabilities in attracting, developing and retaining talent	Orange Book	December '06
9.1	Intensifying Performance Management Practices	To encourage adoption of performance management best practices at GLCs	Blue Book Version 2	July '05
9.2	Reporting Headline KPIs and Economic Profit	Guidelines on announcement of headline KPIs and economic profit to promote GLCs accountability and transparency	Guidelines on announcement of Headline KPIs and Economic Profit	March '06
9.5	Implementing Value Based Performance Management	Programme to help tailor and support performance management efforts at GLCs	Programme on Value-Based Performance Management	December '06
10	Enhancing Operating Efficiency and Effectiveness	To enhance operational effectiveness and efficiency through the adoption of a Framework for Continuous Improvement	Yellow Book	September '06

INTRO TO MALAYSIAN DIRECTORS ACADEMY (MINDA)

- Established in December 2006 following the launch of the Government-Linked Companies Transformation Programme (GLCT) Initiatives in 2005.
- Incorporated as a non-profit company limited by guarantee under the Ministry of Finance Incorporated.
- Objectives - to address Board performance by equipping Directors of Government-linked Companies (GLCs or SOEs) with world-class knowledge, skills and mindsets required to perform to a consistently high standard.
- Strategy - Assisting Boards in focusing on their fundamental roles and responsibilities, such as strategy setting, corporate performance management, CSR etc



MINDA'S ROLES



VISION

To be a global player in the development of Directors whilst supporting national development objectives.

MISSION

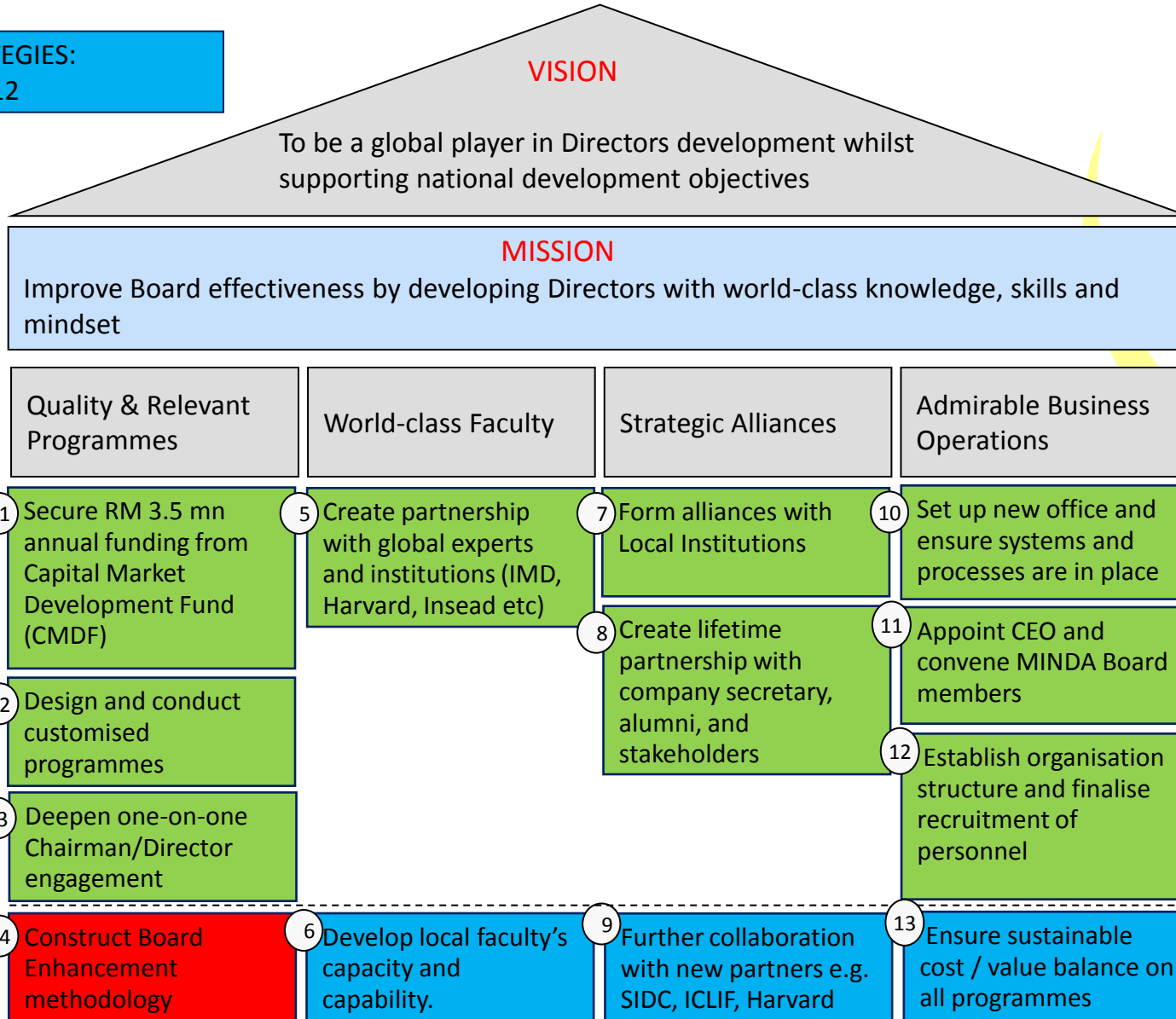
Enhance Board Effectiveness by developing Directors with world-class knowledge, skills and mindset.



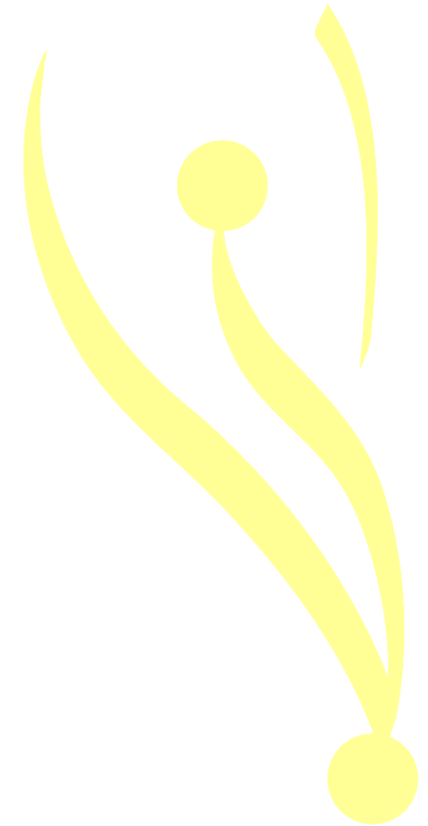
STRATEGIC LEVERS & PILLARS TO SUPPORT MINDA'S VISION AND MISSION

**KEY STRATEGIES:
2008 - 2012**

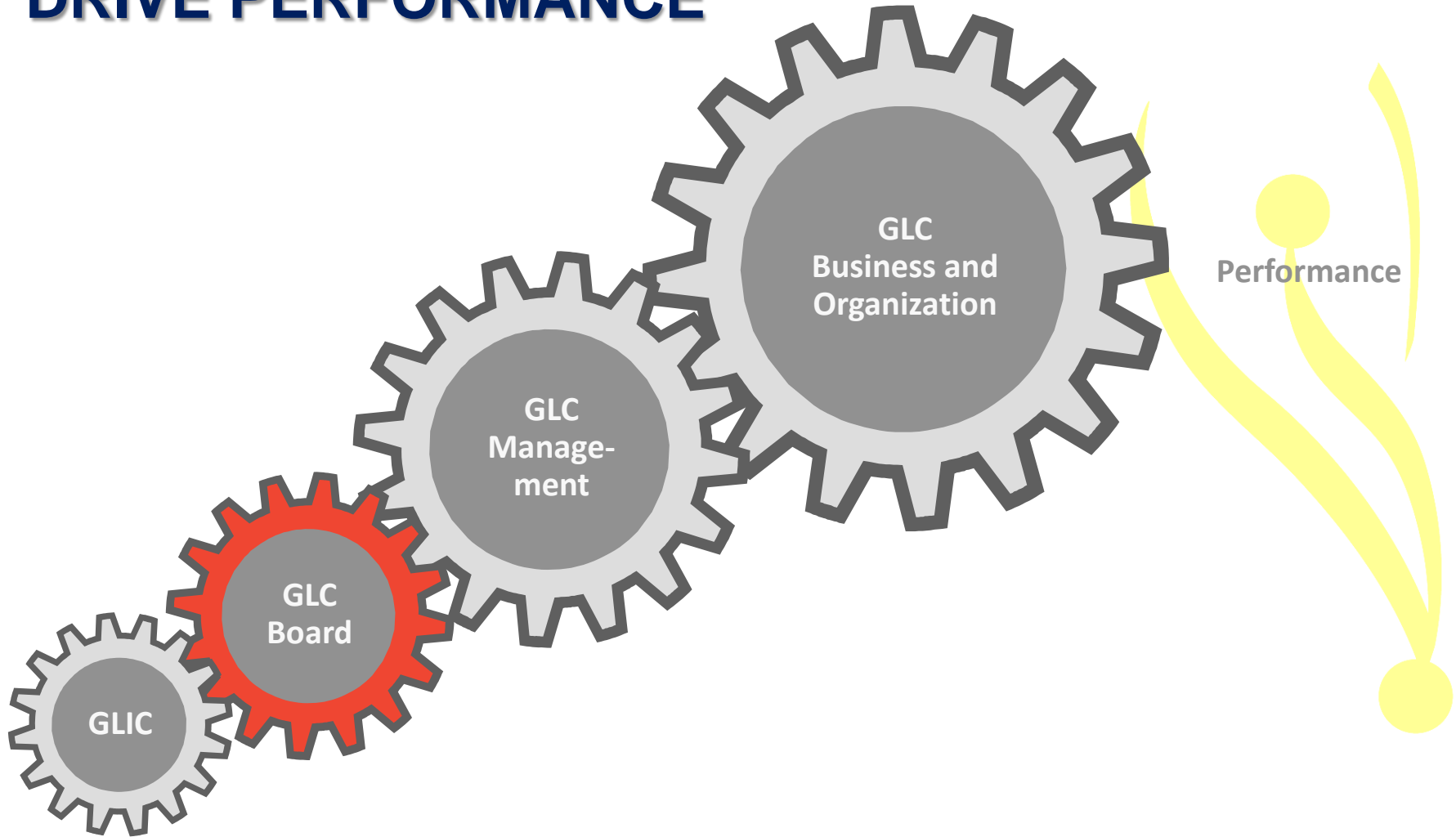
	Completed
	On-going
	Pending



MINDA'S PROGRAMMES



BOARDS PLAY A CENTRAL ROLE TO DRIVE PERFORMANCE



Ideal Characteristics of an Effective Director Profile...

Mindset

Skills

What a Director believes

What a Director can do

Knowledge

What a Director Knows

For Directors to be a world class director, and fulfill their roles mentioned earlier, they need to have mastery of these 3 DOMAINS.

Mindset being the most important of all.



What Each Domain Means...

KNOWLEDGE – “What a Director knows”

- Understands fiduciary responsibility as a Director
- Understands the fundamental roles and responsibilities of the Board and Directors
- Understands and adheres to the clear boundaries between the Board and management
- Understands key industry trends (e.g. competition), geographies, and functions (e.g. operational, legal, technical) that are most relevant to the company
- Understands Malaysian cultural, social, political and developmental context
- Knows the company well enough at the right level of detail (e.g. where profit is made/lost, how customers buy, how things are manufactured, what are major talent gaps in critical positions)
- Understands shareholder expectations (e.g. dividend expectations, growth forecast) and knows key stakeholders (e.g. suppliers, regulators)

SKILLS – “What a Director can do”

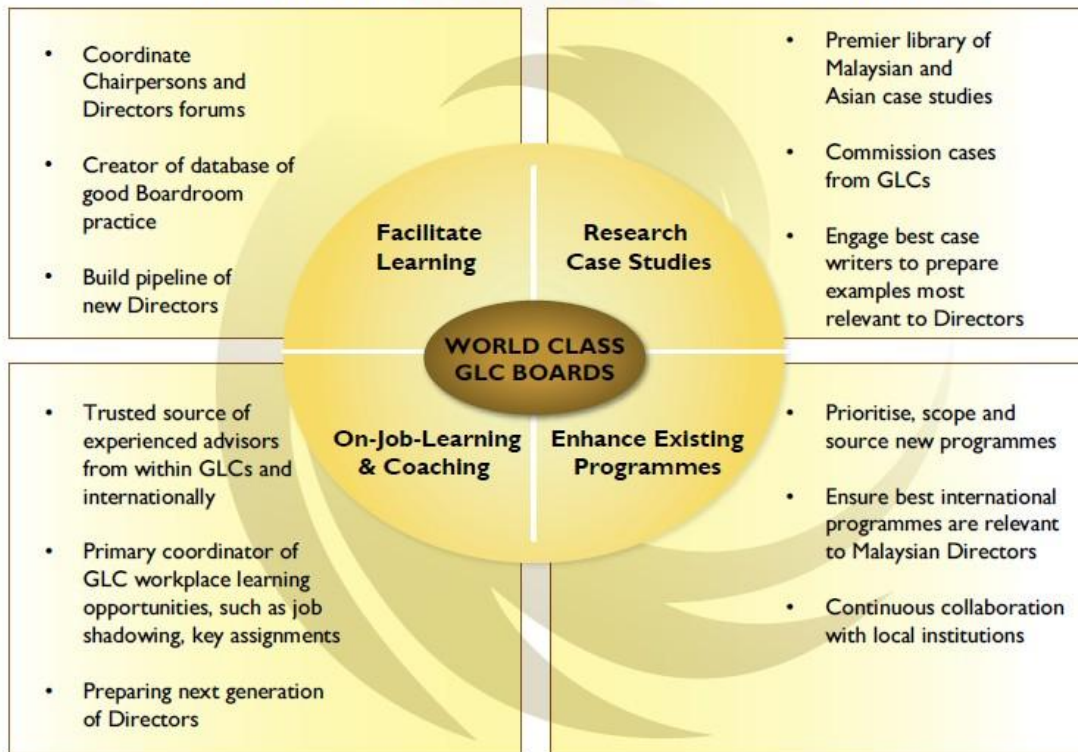
- Actively and constructively solves problem (e.g. share, challenge and close) with the Board and key management
- Decisively challenges, then supports management
- Possesses business acumen from prior experiences to identify key issues and propose solutions
- Proactively uses networks and manages multiple stakeholders for the benefit of the company

MINDSET – “What a Director believes”

- Believes that performance of Director is critical (requires performance measures and consequences) and that the position is earned, not an entitlement
- Balances all shareholder and valid stakeholder interests while representing views of GLIC (if nominee)
- Behaves like an owner of the company and feels accountable to the company
- Has the integrity and courage to not act in self-interest and dissent when required
- Willing to invest adequate time and effort and not spread too thin across too many responsibilities

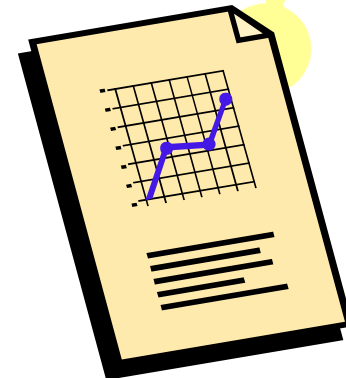
The MINDA Approach – Adding Value to Directors...

THE MINDA APPROACH - ADDING VALUE TO DIRECTORS



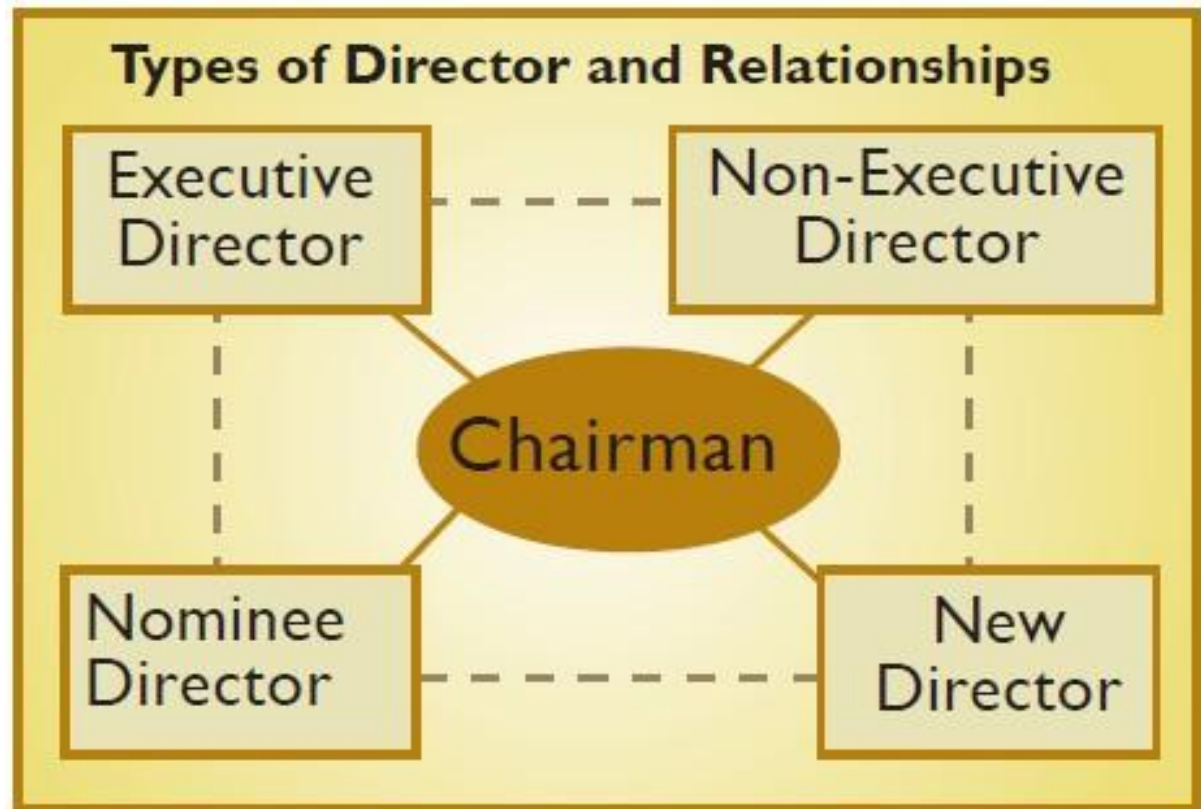
Our approach to developing Directors is a holistic journey:

- Classroom learning
- Research Case Studies
- Peer sharing
- On-the-job Learning and Coaching



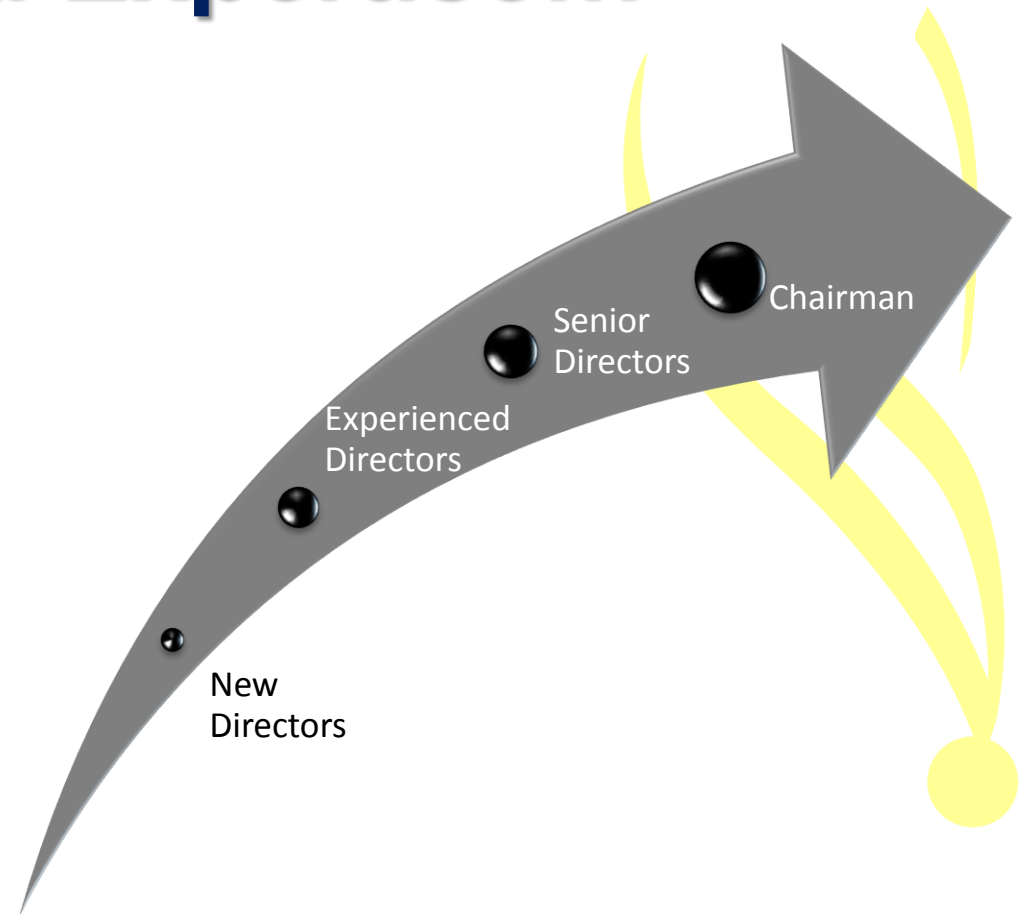
Knowing Our Target Audience...

There are different types of Directors and complexities within the Board



...with different Levels of Experience and Expertise...

There are also different levels of experience, expertise, knowledge, and skills, each Director brings with them, into the Board



Convergence of Roles as Directors of a GLC...

Stakeholders

- Shareholders
- Government
- Customers
- CSR

Board

- Chairman
- Board Members

Organization

- Senior Management
- Staff

- A Director's role is about managing relationships vis-à-vis inter / intra personal communication
- Consists of 3 prong:
 - Within Board
 - Board and Stakeholders
 - Board and Senior Management

MINDA's Development Programmes...

Premier Programmes

- Building High Performance Directors (**BHPD**)
- Directors' Forum
- Chairman's Forum

Customised Programmes

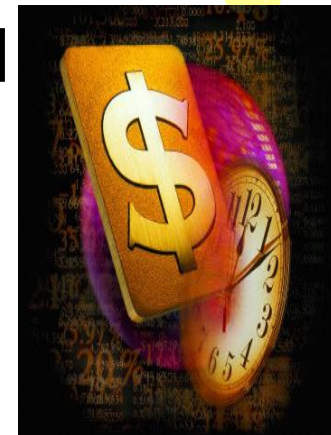
- Nominee Director Programme
- Company Retreat
- Corporate Directors On-boarding Programme (**CDOP**)

Awareness & Networking

- Breakfast, Luncheon and Tea Talk.
- Very short, a couple of hours
- By invitation only (No fees charged)

Boards & Senior Leadership must progress from just 'Conforming' to also 'Performing'...

- 1. Structuring a High Performing Board & Leadership Teams**
- 2. Ensuring effective Board & Management Operations and Interactions**
- 3. Fulfilling their fundamental Roles and Responsibilities**



Turnarounds



Transformation transactions



Regional Growth



Terima Kasih

MINDA
MALAYSIAN DIRECTORS ACADEMY

