

UOB-SMU Entrepreneurship Alliance Centre



Performance Leadership: Fix it, even if it isn't broken

“This is how we always do it. End of conversation!” “Don't fix it if it ain't broken.” Such mantras might have been relevant at the workplace 10 or even five years ago, but they have no place in today's competitive business environment. Increasingly, it is clear that corporations and their leaders need to avail themselves of different ways of doing things – first by embracing a mindset geared towards long-term success, followed by committing to the resources to achieve those goals.

Performance Leadership Pte Ltd specialises in executive education covering professional and leadership development. It delivers the best-of-breed programmes for corporate leadership development which provide clients with the necessary skills and tools to better their communication, productivity and performance at both the operational and strategic levels.

With a goal to exceed the expectation of every client by offering outstanding customer service, flexibility and greater value, the company incorporates pre-training consultation, follow-up meetings and personal coaching to maximise the Return of Investment (ROI) for its clients. Performance Alumni learn-and-network sessions also encourage continuous learning.

“My word is law!”

Who hasn't heard the story of how a family business typically does not survive beyond the third generation? About the patriarch who started the business with nothing more than the shirt on his back, and of his toiling day and night to make it to the very top – only to have his good-for-nothing son squander the family fortunes away? Whether it is through wine, women and song, or through sheer mismanagement, how the son so spectacularly fails is irrelevant here.

Family-run businesses, where family members have majority decision-making power, constitute more than half of all SMEs in East Asia, according to figures from the World Bank. Such SMES tend to value loyalty over competency, and reward seniority over performance. The management team, helmed by the founder, would likely comprise family members, close relatives and a handful of trusted aides who have worked their way up the ranks.

Showing complete deference to the founder whose word is law, staff are unlikely to challenge the *status quo* or question business practices and decisions. There is little attempt to modernise the business, and even less transparency. The human resource (HR) department is responsible for “traditional” HR roles that are limited to payroll and administration. The deeply-ingrained family-oriented culture has no need for a succession planning scheme as a family member will be appointed to fill any position arising. More likely than not, the position is actually created for a particular person. With no chance of moving up the corporate ladder, young or new hires with good ideas that can potentially benefit the organisation will not stay for long.

Alongside the very traditional family-run SMEs are the professionally-run companies which recognise the need to adopt modern business practices to boost their competitive advantage. These companies tend to resemble MNCs, which hire the most qualified people to fill the positions. They are employed based on their competencies and rewarded according to their performance. However, unlike MNCs, SMEs are usually very lean on resources. So even if they see the need for succession planning, obstacles like the lack of time, knowhow and possibly finances may stand in their way.

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When “nothing” means something

Performance Group had approached the SME Consulting Programme, managed by UOB-SMU Entrepreneurship Alliance, to “research on the best practices of leadership succession planning among local companies,” said Mr Tan Teck Beng, Director, Performance Group. He did not get the list of best practices he had hoped for, but knowing that there is little or no succession planning among SMEs is, in itself, valuable insight.

Sensing the potential business opportunity arising from this gap in business continuity, the team of SMU student consultants, guided by their adviser, developed a general diagnostic tool to detect an SME’s receptiveness to succession planning. Performance Group can easily adapt this tool for use among its clients. Designed to be efficient yet hassle-free, the framework comprises four simple steps, each with easy-to-follow parameters and descriptors. This diagnostic framework is complemented by an instructive guide that is designed to help interested SMEs get started on building their succession training infrastructure. Both the diagnostic tool and instructive guide are customisable to suit SMEs from different industries.

How ready are you?

“We are very impressed with the way the SMU team conducted the whole exercise,” said Mr Tan, as he complimented the student consultants for being focused, articulate and detailed. As a leadership development organisation, qualitative and quantitative analyses are not new to it, but the student consultants’ report still ranked as “impressive” in its logical and orderly presentation. “It is unfortunate that many SMEs in Singapore do not take a more scientific approach to problem solving. We would highly recommend SMEs in Singapore to participate in the SME Consulting Programme to strengthen their business management approach.”

For the student consultants, getting appointments to interview the key managers from SMEs was a challenge. But the fact that the managers were too busy to meet corroborated their findings – that one reason for succession planning’s low priority is the lack of resources as the day-to-day operations occupy all of the managers’ work hours. Even if time were available, the knowhow is lacking. The SMU team’s tenacity as they turned to referrals and personal contacts to get the requisite number of interviewees was not lost on Project Adviser Prof Tan Hwee Hoon. “The students are very motivated and proactive. They put themselves in the shoes of the SME to ensure that their proposals would benefit the consulting practice of Performance Group,” said Prof Tan. She also gave them top marks for their “maturity” and “professionalism”. Mid-way through the 12-week project, when it was clear that they would not be able to provide the list of best practices in succession planning required by the client, the student consultants immediately communicated this to the client. They then put in extra effort to strengthen the recommended frameworks which Performance Group could use to help its clients plan for business continuity through leadership succession planning.

“Our expectations were met,” confirmed Mr Tan. He and his team will be using the diagnostic tool to test their clients’ succession planning readiness, thus affirming the potential value that the SME Consulting Programme can bring to an organisation.

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