

Exclusive Dialogue with James Samuels



As the Chief Financial Officer in Fusheng, James has been leading in Finance, Accounting and Tax functions as well as overseeing the Human Resources and Information Technology Departments since 2012.

James started his career in Taiwan and soon after joining Johnson & Johnson (J&J). In his career with J&J, he was based in multiple countries in Asia, including China, Hong Kong and Singapore as Finance Director, leading different business units. Through this experience, James has had the experience of leveraging supporting functions to help drive improved business results.

In this issue, James offers his insider views and thoughts on business transformation and change management strategies.

Comparing the role of CFO 10 years ago and now, could you name 2 things that have changed the most?

In my mind the role has broadened a lot. When I entered into the CFO role 10 years ago, the role was much more narrowly focused on Finance and Accounting than it is today. Today there is a much higher expectation for CFOs today to have a strong grasp of the business and to help drive business strategy. The other change is that today, regardless of whether the business is public or private, there is a much higher standard for financial controls and compliance. CFOs today need to be able to simultaneously wear the multiple hats of driving growth and ensuring compliance.

You are in a very interesting situation where you are helping drive the transformation of a traditional Asian business. We believe there are many such Asian businesses which are facing similar challenges of professionalising their operations, or are looking for effective transitions to the next-generation leadership. What advice would you give to such companies in

(1) How they should prepare themselves before they plunge into the transformation and

I don't think there is any rocket science; the basic fundamentals still apply. It's also hard to speak to all traditional Asian firms as there are so many such companies and diverse in backgrounds. I can speak for my company, and perhaps some thoughts can apply to other firms as well. I also hesitate to use the word, "professionalize", because many of our leaders are already technically very professional in their areas of expertise. What has changed is the business environment in which they are operating. Business leaders and managers face business complexities and situations they've never even had to consider in the past.

- **Committed alignment and vision:** I believe the most fundamental requirement is a common understanding of what the transformation is intended to achieve and a clear commitment towards it. In my case the founding family has a long-term vision for the company to transition from a regional to global player. Without that shared vision, nothing could be started.
- **Clear case for change:** A vision by itself is insufficient; there must be a clear driver for change, especially in a company with a long history of success. In our case we are attempting this by creating a very challenging and exciting external goal. We set ourselves the goal of becoming the global number 3 player in sales volume from our current position in 6th or 7th and re-list on a major bourse. Achieving this would require us to grow the business significantly in a very challenging environment. Since we already have significant market share in our local markets, our overseas growth naturally becomes the focus. It's very unlikely we can achieve these goals without significantly changing how we operate the business.
- **Healthy Talent Mix:** We have a very strong corporate culture and very high average tenures. But as our company has grown internationally and become more complex, the business challenges have changed. We have found we need to bring in critical talent in key areas to manage these new complexities. That said, when in a short time you bring in a significant number of new leaders, this can be a shock for both the existing employees as well as the new talent. We have had to make an extra effort to strike a balance and create a bridge between incoming and existing talent so we can drive the transformation while building on the traditional strengths that have helped us be successful to date.

These just thoughts just scratch the surface of what companies should consider before embarking on transforming their business.

(2) What to keep in mind, when in the midst of it.

- **Conservative, but not hide-bound:** We are a conservative company by nature. This is generally a good thing. But at the same time we must balance the risk of changing versus staying the same. Not changing as we grow in size and complexity is a risk too.
- **Persistence:** It takes time and some measure of discomfort to implement real change, and there may be some setbacks. We must demonstrate persistence in achieving our vision, even if it means we have to admit some mistakes along the way.
- **Hard decisions & historical legacies:** It is very difficult not to shy away from the hard decisions, especially when strong, long-term, or even family relations, are involved. However, we can't avoid those tough decisions if we want to move forward. We need to be explicit about what legacies we continue, and which we stop.
- **Penny wise, pound foolish:** In our case we have very capable people and very good execution capabilities. It sometimes can be very tempting to DIY the implementation of critical changes when we really could use external expertise and experience. We should try to avoid spoiling the ship for a ha'porth of tar.

Following from Q2 what do you think are the areas management tends to (1) underestimate, and (2) over-estimate in change management?

1) Underestimate:

- The importance of formalized change management. Like many firms we have an execution-oriented culture. Change management tools and processes can initially seem to the leadership as academic and vague. The first part of change management for us as an institution was realizing that it was required at all!
- It's also very easy to underestimate the need for communication. Again, like many traditional firms, we are very used to giving commands to our organization and having them faithfully executed. But in this case, to drive change, we really needed to engage directly down the management chain with the middle managers so they understood with the whys and hows of change.
- The challenge of managing successful leaders whose role have now fundamentally changed. Many roles are now much more complex and international and require a different approach. Our leaders are very smart, very capable and have strong technical skills, but the new businesses also require some new tools and a change in the way we think and behave.

Things we've overestimated

- Most of our over estimations stem from our overestimation of our internal capabilities. Like many traditional firms, we have a strong, centralized culture that is execution and technically oriented. This model has been the cornerstone of our success for the past 62 years and allowed us to grow from a local to regional competitor and now an emerging global competitor.

But as we've expanded our global footprint, and our business has increased in size, we've begun to run complexities that aren't easily remedied by technical solutions or direct action. The business issues we face now have less to do with our technical prowess, (though they are still the foundation of our business!) and more to do with how we think and act as leaders. This change of focus has been a profound challenge to us.