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Mr Goodyear's unusual goodbye

Public anointment left all with less room to manoeuvre, analysts say

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[SINGAPORE] Chip Goodyear's sudden departure from Singapore investment company Temasek Holdings is unusual but not entirely surprising, market watchers say.

The reason for the parting of ways is not known - apart from a vaguely worded statement put out on Tuesday by Temasek citing "differences regarding certain strategic issues".

But a Reuters news agency report yesterday, citing unnamed sources, said that Mr Goodyear's decision to leave was likely made after a board meeting last week when he put in a list of proposals and changes that he wanted to make once he took charge in October. Those proposals ran into trouble with the board, Reuters said. Its claims could not be verified.

A manager at an executive search firm said that senior management departures in this market are common. "Which should not be surprising. At that level, there are a lot of things going on, a lot of challenges."

One headhunter who declined to be named said that what was unusual was Mr Goodyear's public anointment as successor to Ho Ching, who will now continue as CEO till another candidate is found. "Calling someone a CEO-designate leaves you with less room to manoeuvre," he said.

Institutions commonly bring in CEO-successors initially as managing directors or to head a business unit first, before publicly announcing the appointment, he added.

The length of the transition period - eight months - is also unusual, said Josh Goh, senior manager for corporate services at The GMP Group, a recruitment firm. "This is slightly longer than usual," he said. "Many institutions typically have just three to six months, or even less."

The headhunter said that in an ideal succession scenario, it was normal for the new CEO to go in a couple of months early while his predecessor is serving notice.

Analysts say that Mr Goodyear's non-appointment would not dramatically change Temasek's strategy. "In the meantime, we believe Temasek's broader strategy will continue in line with the geographical allocation mix announced by Ms Ho in May," said Nomura analyst Lim Jit Soon.

Ms Ho said in May that Temasek would aim to have 10 per cent of its portfolio in Latin America, Russia and Africa, about 20 per cent in OECD countries, 30 per cent in Singapore investments and the remaining 40 per cent in the rest of Asia.

While Temasek's investment follows broad themes rather than sectors, with their strong allocation to financial stocks, "Temasek might look to shift towards increased weighting in under-represented sectors such as energy/natural resources and lifestyle/consumer," Mr Lim said.

Mr Goodyear, with his previous experience as CEO of BHP Billiton, was supposed to have led the shift towards mining and commodities. That strategy is unlikely to change, although Olam International, a commodities supplier which last month sold a 14 per cent stake to Temasek for \$437 million, fell 8 cents, or 3.3 per cent, yesterday to \$2.29.

Other commodities stocks such as Wilmar and Golden Agri-Resources were up slightly yesterday. But Noble Group fell four cents, or 2.2 per cent, to \$1.75.