LEADERSHIP Advisory Inc.

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CEO INSIGHTS

Seah Kian Peng NTUC FairPrice's Chief Executive Officer

Mr Seah Kian Peng sits at the helm of Singapore's largest supermarket chain NTUC Fairprice Co-operative Ltd. In the last decade, he has transformed FairPrice into a multi-format retailer and increased its market share and social impact whilst strengthening FairPrice's brand equity. The current turnover of FairPrice is in excess of SGD 2.8 billion, with a staff strength of about 9000 employees.

Mr Seah is also the driving force behind the co-operative movement as he was elected member of the International Co-operative Alliance (ICA) Board of Directors in September 2005. He is the first Singaporean to be on this global board in the 112-year history of ICA. Mr Seah believes in the ability of social enterprises to make a positive impact on society.

Prior to joining FairPrice more than 10 years ago, Mr Seah had served in various private and public organisations. His wealth of experience in administration has provided direction for FairPrice by instilling confidence in his team and enabling them to build a stronger organisation to meet business challenges of the future. Currently, Mr Seah is the Deputy Speaker of Parliament and Member of Parliament for Marine Parade GRC.

Leadership Advisory Inc. recently caught up with Mr Seah.

Leadership Advisory Inc.: Tell us more about yourself. When and how did you join NTUC FairPrice before progressing to your current role?

Seah Kian Peng: I joined the FairPrice family in Jan 2001 as the Chief Operating Officer before becoming CEO in 2010. In just over a decade, together with the team, we have worked to transform FairPrice into a multi-format retailer, and increased its market share and social impact while strengthening NTUC FairPrice's brand equity. FairPrice's turnover has grown from SGD 1 billion in 2001 to over SGD 2.8 billion, whilst our market share has increased from 50 to 57 percent despite stiffer competition.

Leadership Advisory Inc.: What drives you on the job?

Seah Kian Peng: Making a positive difference in other people's lives drives and motivates me. Beyond growth numbers, KPIs, and market share, it is really about people and what we do for our fellow man. Many have heard me talk about my two favourite phrases : "We are all different but each of us can make a difference"; and "Value everyone because everyone counts." What's more, being part of a social enterprise gives me a unique opportunity and a privilege to make a direct impact on our community since FairPrice has a mandate to fulfil a social mission. As an employer, I am glad that FairPrice is able to provide jobs to about 9,000 people in our community. They enjoy competitive remuneration, receive extensive training and skills upgrading opportunities. As a supermarket, FairPrice has continued to moderate the cost of living by bench marking prices and keeping daily essentials affordable. We do this through various strategies like diversifying our food sources, bulk buying and contract farming. Shoppers get to further stretch their dollar through initiatives like our housebrands, seniors discount schemes and everyday low price items (EDLP). With our market share, this in turn means some 500,000 customers every day get to enjoy these benefits.

Doing well has also enabled FairPrice to give more back to the community through donations and I'm proud to share that the FairPrice Foundation has donated over $40 million to the less fortunate since it was launched 5 years ago. We strive to make as big a positive social impact on our community.

Leadership Advisory Inc.: What do you foresee being the biggest challenges for NTUC FairPrice in particular over the medium term? How do you plan to address them?

Seah Kian Peng: Managing cost growth whilst raising productivity is one of the biggest challenge. The others include ensuring FairPrice remains relevant to customers' lifestyle as they continually evolve and meeting the ever rising expectations of customers at the same time.

With rising business costs - in particular, manpower, leasing, utility and capex - and fluctuating commodity prices, it will be a challenge to keep daily essentials affordable for our customers whilst upping our service levels. Nonetheless we have a social mission to fulfil which we remain committed to; we also have several projects underway as we continue to explore ways to boost productivity.

Increasing productivity not only helps in managing costs but has also been proven to lead to improved service quality. Equally important, this allows us to pay higher wages to our staff. Some people may not know that we were the first supermarket in Singapore to introduce barcode scanning technology in 1991 which has helped with productivity and service levels greatly. We have since introduced various other technologies like self-checkout counters and electronic shelf labelling systems that have helped us to increase our front line productivity, while also enhancing the shopping experience for our customers.

We have plans to build a new hi-tech distribution centre to cope with increasing business volume and to further boost our supply chain productivity. Targeted to complete in 2014, this new facility will include the latest technologies like automated stacker cranes and robotic technology for warehousing operations. It will also include eco-friendly features like green walls, solar panels and LED lighting to conserve energy and reduce our carbon footprint.

This will enable us to continue to keep operation costs at optimal levels, boost productivity, and also assure more accurate deliveries as well as the capacity to manage more product varieties. We will continue to look into solutions to cope with these challenges.

Leadership Advisory Inc.: What is your approach towards leadership?

Seah Kian Peng: Servant leadership is what I believe in. You have to serve the people in order to lead them. Difficult as it may be, but it is important to always try to look at things from perspectives of your various stakeholders. This is why it is important to listen to what our people have to say. At FairPrice, we have various staff feedback channels to facilitate communication. Also, it is important to also walk the ground and speak directly with colleagues. I often spring surprise visits on staff in our stores, I find that this helps me in better understanding their needs and what motivates them at work. I also like to engage our various business partners and try to establish and build lasting relationships on a win-win basis. I believe that when our business partners have greater clarity and understanding of our objectives - both commercial and social ones - more often than not, we can move faster together and achieve better and more satisfying outcomes.

Leadership Advisory Inc.: You have held leadership roles in both public and private sectors. Which is harder?

Seah Kian Peng: Both public and private sectors offer their own set of challenges. But what's more important is to first understand the industry and environment that you operate in, and being able to adapt to the people you lead and finding ways to bring the best out of them. Investing time to talk to experts and experienced people at all levels is time worth spending and is a never ending process. Ignore them at your own peril. I always find there is a lot of wisdom and nuggets of wisdom that one can gather from your own colleagues at all levels.

Leadership Advisory Inc.: How has the role of the CEO evolved over the last few years, especially during these times of economic uncertainty?

Seah Kian Peng: Regardless of whether uncertainly looms or if there is a boom in the economy, people will look to the CEO for direction and guidance. What I feel has changed in recent years, is that hierarchical lines have become blurred and become more flat in nature. More often than not, employees now expect to be able to have direct access to their bosses and the CEO both in letting him or her know about their challenges and also to offer feedback from the ground. They also expect to be informed and get answers to the feedback or suggestions they have raised. In a sense, this is nothing new and yet, this is something which many CEOs tend to overlook.

The forms of engagement have also evolved especially with the advent of social media like Facebook. I find that social media provides yet another form of engagement with colleagues and customers and business associates alike. This will far from displace the traditional and existing platforms but acts to supplement them. I feel this is good progress as it puts the CEO right in the midst of all the action and he or she is better able to lead his or her team.

Leadership Advisory Inc.: Do leaders get more public scrutiny today than before? Does it make for better leaders?

Seah Kian Peng: With social media, we do read and hear more vocal comments about companies and their leaders. Information is also more easily sourced and prone to misrepresentation. But with or without public scrutiny, as leaders, one needs to always strive for the betterment of our people and our colleagues as they are the core asset of any organisation. Without their support, an organisation will not be able to sustain its existence in the long run, let alone grow.

Members of my executive team are rewarded based on a system of performance indicators. They are also put on executive management courses which are beneficial to their day-to-day operations of our business divisions.

Leadership Advisory Inc.: One of the key challenges for leaders is reconciling their long term vision against what it takes just to get through the next few months. How do you strike that balance?

Seah Kian Peng: Indeed, business cycles are getting shorter and there is the tendency and bias towards short term goals and results. Yes, short term strategies and gains are sometimes necessary especially in this economic climate. However, if one is serious about sustainable development and growth for the organisation, we need to always keep our long-term vision in mind and work towards that. It's not an easy task to strike a balance but if the management team, the rank and file staff, the business associates and other key stakeholders understand and support the long-term vision, more than half the battle would be won. So in whatever we do, it is always important to get buy-in from staff first and the key to doing this is having a robust and effective communication channel with all our people. It is also important to ensure that short-term strategies do not detract the company from its long-term goal. In our case, we constantly remind ourselves on the need to stay true to our social mission of moderating the cost of living even as we scale up some of our supermarkets to attract more affluent customers. Striking a balance between our commercial and social objectives is a constant challenge and it is important that all stakeholders understand and support this.

Leadership Advisory Inc.: How can leaders stay grounded?

Seah Kian Peng: It is often difficult for leaders to stay grounded if leadership is practiced from an ivory tower and business strategies are formulated in isolation and only in consultation with the Board. In other words, leaders should find and create opportunities or platforms to interact and mingle with staff at all levels, from the ground staff to that of their management peer group. I find talking to customers an important task too as they provide valuable feedback and perspectives. At the end of the day, they are the ones who pay our salaries. Another important avenue are focus groups - they often raise pertinent issues which tell you much about your business operations, practices, services and staff. All these, however, would be of no use if one is not open to receiving feedback from various channels in order to stay focused. In fact, the more leaders learn of themselves, the better they can improve. Another important aspect is to have an inquiring and open mindset and listen to people who may hold a different opinion or even opposing view from oneself. This is something which I do need to remind myself from time to time.

Leadership Advisory Inc.: Is there anything about you that your staff or friends may not know?

Seah Kian Peng: I used to be very shy but am certainly less so now. I enjoy spending time with my loved ones, doing things together or just being with them. Also, I have always dreamed of being a professional sportsman since young. Currently, I enjoy playing golf and have a handicap of 18; but I do enjoy many ball and racquet games be it football, tennis, squash, table tennis, badminton, basketball or bowling, as well as cycling. I do also try to go for a run from my home in Serangoon Gardens to the Braddell Heights constituency and back.

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