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CFO musical chairs leaves firms breathless

Big rise in CFOs quitting their jobs can hurt quality of financial reporting process

By OH BOON PING and RACHEL SIM

[SINGAPORE] Just one chief financial officer (CFO) quit a listed company yesterday. Given the astounding turnover of CFOs in recent days, that made it a quiet day in the market.

On Sept 1, six CFOs had either quit listed companies or taken up new appointments. On Sept 2, the figure was two. In other words, nine CFOs have either quit or joined listed companies in the first three days of this month, putting it well on track to overtake the record CFO turnover in August.

Last month saw 22 cases of CFOs quitting or joining listed companies. In 14 of these cases, a CFO left a company while the rest were appointments to positions that had been vacated earlier. Until last year, an average of just one or two CFOs would leave listed companies in any given month, market watchers said.

Some of the high-profile departures last month included DBS' CFO Jeanette Wong who took on a new role in the bank, while SingTel's CFO Francis Heng stepped down for personal reasons.

Indeed, Mr Heng's move took many by surprise given that he had quit SingTel - the largest listed company here - after less than 18 months on the job. It later emerged that Mr Heng would be joining agri-business group Wilmar International.

But 16 of the 22 cases in August occurred in smaller or lesser-known firms such as Van Der Horst Energy, Hosen Group, Link Hi Holdings and Asia Tiger Group.

Tulika Tripathi, director at Michael Page International, believes the higher attrition rate seen among CFOs of small firms stemmed partly from the growing number of regional headquarters being set up here.

"Setting up a regional

HQ requires a hands-on seasoned professional who can address different aspects of the business. This skill set is frequently found in CFOs of smaller firms, who are used to handling a variety of roles and see this as a 'step-up' in their career," she said.

Typically, a financial controller of a large business unit here is also paid more - up to \$240,000 in salary a year compared with the \$160,000 paid to the CFO of a small firm in 2007, according to a Michael Page survey.

In addition, the role of a CFO in a big firm comes with a broader set of responsibilities such as overseeing taxation matters and financial reporting - which is attractive to those

from smaller firms, explained GMP Group's CEO Annie Yap.

But the growing complexity of the CFO's role can also be a push factor.

Listed entities now have to deal with onerous regulations and some CFOs leave because they lack the necessary skills and experience and they face increasing pressure on the job, said Steven Lau, country manager of DDI Singapore.

Ernest Kan, vice-president of the Institute of Certified Public Accountants in Singapore, explained that the CFO's role now includes supervising internal controls, handling projects with major financial impact and driving strategic issues, instead of just financial reporting.

The higher attrition rate seen among CFOs of small firms stems partly from the growing number of regional headquarters being set up here.

Therefore, "CFOs of small-cap firms typically find it a struggle to cope with the more detailed and stringent accounting and corporate governance disclosures, especially when there is less budget to hire more qualified accounting personnel", he said.

Last October, the Singapore Exchange (SGX) implemented rules requiring

managements to explain senior resignations, and this may have contributed to the impression that there have been more resignations of key officers in recent months, said an SGX spokesman.

Others pointed to the lack of support for the management roles in the company.

A source told BT that there is talk of some CFOs leaving due to accounting irregularities in the firms, but managements have appeared reluctant to look into those issues.

The recent spate of CFO departures can prove to be very disruptive to the quality

of the financial reporting process, auditors told BT.

"The incoming CFO, even if found as a replacement on time, still has to understand the company and its business very quickly in order to ensure quality reporting of half year and full year," said Tan Wah Yeow, head of risk advisory services at KPMG in Singapore.

Departures may also give rise to speculation that they stemmed from disagreements over accounting disclosures and corporate governance practices.

Auditors such as Deloitte's Cheung Pui Yuen urged firms not to underestimate the challenges faced by the finance department and suggested that the audit committee conduct regular dialogues to understand their concerns.

Headhunters believe the churn should abate as global economic conditions worsen. "There are now fewer companies getting listed and hiring has also slowed down," said Christopher Leong, partner of Chris-Allen Search.

Moving on

Resigned in August

COMPANY	CFO WHO RESIGNED	REASONS FOR LEAVING
SingTel	Heng Hang Song Francis	Personal reasons
DBS Group Holdings	Jeanette Wong Kai Yuan	To take on role of group executive for institutional banking and international operations
Noble Group	Jeremy Amias	By mutual consent
Sincere Watch	Chew Nam Yeo	Pursue other professional interests
Link Hi Holdings	Jiang Zhihong	To pursue other interests
Mermaid Maritime Public	John Willoughby Crane III	To pursue opportunity with Thoresen Group (major shareholder of the company)
Middle East Dev S'pore	Liew Bo Chuan John	Personal reasons
Hosen Group Ltd	Ho Sin Yam Patrick	Pursue other career opportunities
Scorpio East Holdings	Oh Boon Thong	Resignation on own accord
Van der Horst Energy	Lim Yeow Eng	Resignation on own accord
Eu Yan Sang International	Tan Kang Fun	To take on role of chief operating officer
Asia Tiger Group	Wong Hii Foong	Personal reasons
Wanxiang International	Heng Fook Chang	Pursue other career opportunities
Vicplas International	Teo Kok Meng	Further career development

Resigning in September

Rowsley Ltd	Koh Wan Kai, James	To take on role as group president of United Pulp & Paper Co Ltd (associate company of Rowsley)
JK Yaming Int'l Holdings	Yong Thiam Fook	Redesignated as corporate finance adviser
Heng Long Int'l Ltd	Darren Tan Poon Guan	To re-join previous employer at more senior position
Yoma Strategic Holdings	Lee Kam Seng	Personal reasons
Sinobest Technology Hldgs	Leung Wai Chuen	Voluntary resignation due to change of employment

The new BT Week

INSIGHT MATTER

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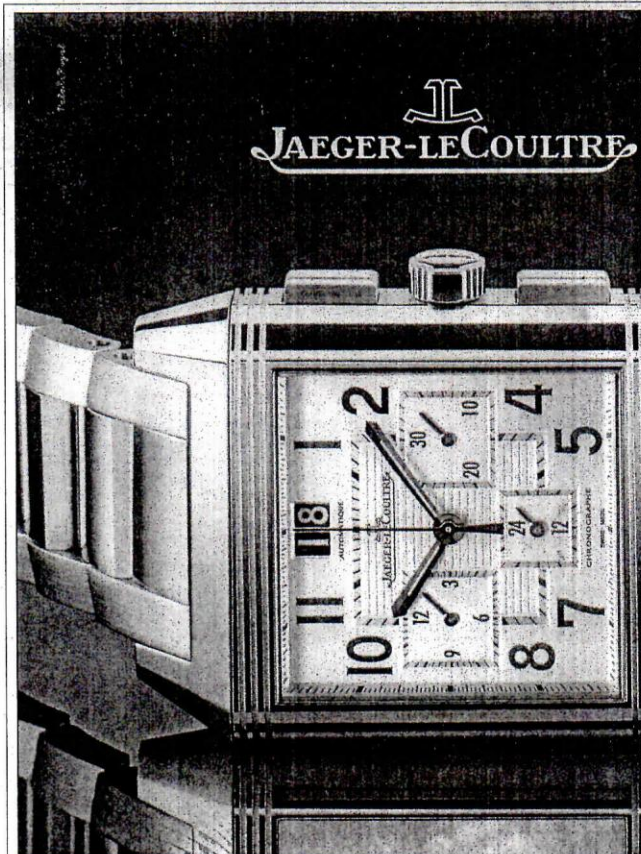
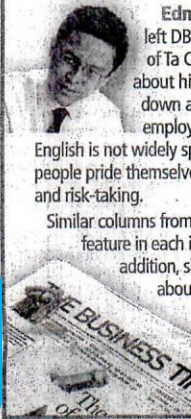
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