



Ask Mr Sid

Dear Mr Sid

Re: Generation and Governance Gaps

I am one of seven directors of a listed healthcare supplements company. Once the top retail distributor, we are now losing ground and barely clinging to third place. Competitors are opening outlets and launching new product lines, while we stand still.

The problem is our chairman. He's the founder and still owns 35 per cent. At 80, he has chaired the board for nearly 25 years. Last year, he staged a lavish 30th anniversary celebration even as sales declined. His gaze is fixed on the past, not the future.

The board is no better. Apart from the 55-year-old CEO, the rest are in their late 60s or 70s. They are long-time friends or relatives of the chairman and sit as "independent" directors (IDs). Independent in name only, they nod to whatever the chairman says.

The one exception is the audit committee chair, a former audit partner who at least talks governance. For example, he's keen for us to aim for SID's Best Managed Board Award.

I am 45, also an accountant, and replaced my father on the board nearly two years ago. My

father, a co-founder, still owns 25 per cent of the company. I want to drive the business forward. I want to harness AI, expand into personal and skin care, and reposition for the next generation of consumers. But every idea dies against the wall of nostalgia.

The next AGM brings an opening, with two IDs reaching their nine-year limit. Yet, the names floated included, for example, an ex-employee close to the chairman returning as a director.

My father will support me, though he's keen to avoid straining his friendship with the chairman. I get along well with the chairman's son, a former university mate, but the father continues to treat me like an upstart.

How can I move all the old fogies off the board, starting with the chairman, before it's too late?

Yours in frustration

Next-gen-now

Dear Next-gen-now

Your passion for the company is obvious. So too is your impatience. It is admirable that you want to see the business adapt, diversify and embrace new technologies.

However, before moving the chairman and the rest of what you call “the old fogies” on, there are several issues to unpack if you want a path that is both effective and respectful of legacy and the future.

Ageism

First, you risk being accused of ageism, which is unfairly judging people’s value based on years rather than contribution. History provides many examples of leaders who remained impactful past 80: Warren Buffett, Rupert Murdoch, Queen Elizabeth II, Deng Xiaoping.

It is worth recalling that Singapore’s Companies Act once required directors to retire at 70, unless annually reappointed by shareholders. This rule was repealed in 2014. The principle is clear: Age is not a barrier. Directors should be assessed on contribution, not chronology.

Longer-serving directors, whether young or old, can add value through corporate memory, industry knowledge and connections with employees, suppliers and customers. In your industry, seniority also reflects the perspective of older consumers, who remain the mainstay of the supplements market.

So, age alone does not, and should not, disqualify the senior directors from your board.

Next-gen or multi-gen

Your instinct is to tilt the board towards the next generation. Yet, your market spans several generations.

Each cohort has distinct needs. Boomers tend to focus on chronic conditions, Gen X on prevention, Millennials on wellness, and Gen Z on performance and aesthetics. Supplements are not for one generation alone.

The same is true of boards. A board of only older directors risks missing trends, while a board of only younger directors risks losing continuity and wisdom. The most effective boards are multi-generational, balancing innovation with experience, agility with caution, and short-term responsiveness with long-term vision.

Independent directors

You are right to question the independence of your IDs.

However, independence is not simply the absence of family or financial ties. It is the ability to exercise objective judgment without undue influence. It is as much a state of mind as a technical definition.

Boards must apply both the letter and spirit of the rules in assessing independence. On the face of it, your IDs would struggle to pass the independence

test if objectively applied. Renewal is thus needed, but gradually and deliberately.

The nine-year rule for director independence was first introduced in the Singapore Code of Corporate Governance to counter the risk of over-familiarity. Initially, companies could still classify long-serving directors as independent under certain circumstances. However, many companies exploited the flexibility. To close the loophole, SGX amended its Listing Rules in January 2023, making it a hard requirement: No director can be regarded as independent after (the close of the annual general meeting following) the director's aggregate service of nine years on the board.

This reform has already encouraged many companies to plan for board renewal. You should likewise leverage it to push for genuine independence and timely succession in your own boardroom.

BMBA

Yes, the Best Managed Board Award (BMBA) is the top category in the prestigious Singapore Corporate Awards organised by SID, ISCA and The Business Times.

It is commendable that your AC chair aspires to it. But with the current composition, your board is unlikely to qualify. Judges will look beyond compliance into true independence, renewal, diversity, culture and other deeper aspects of governance.

Still, the aspiration is useful. It can serve as a North Star, pushing the board to improve governance. A nearer-term goal would be to lift your company's standing in the annual Singapore Governance and Transparency Index (SGTI), which measures disclosure and governance practices. Progress there would demonstrate

commitment and pave the way for BMBA consideration.

The AC chair

You have a potentially valuable ally in the AC chair.

As a fellow accountant, you speak the same professional language. He values governance and aspires to the BMBA. Use that ambition to nudge reforms. While the BMBA may be distant, the improvements required (renewal, independence, transparency, accountability) are exactly the ones you seek.

He could also be a good candidate for the board chair (even if it may be for a short period of time) if the founder steps aside. His credibility and neutrality would reassure stakeholders during a sensitive transition.

Removing the board chair

Now, to your central question: how to move the board chair. This is the most delicate issue. Legally, the chair is elected by the board, not shareholders. With the current line-up, you are unlikely to muster the votes to remove him unilaterally.

The more realistic route is voluntary succession. Here are several ideas to persuade the chair to move on:

- Propose his son as a director (but not chair), should he qualify. This keeps influence in the family and softens the blow. You also get another director who is in your generation.
- Put forward a replacement chair who is both acceptable to him and competent. As mentioned, the AC chair may fit this profile.
- Create the title of Chairman Emeritus. Recognition matters. Marking his 25th anniversary as board chair with a ceremony

and bestowing this honour allows him to step aside with dignity.

- Enlist your father, his co-founder, to speak with him privately. Shared history carries weight.
- Involve the AC chair as a neutral, respected voice. Framing the issue as governance best practice, not personal rejection, may help.
- Use the shadow of an AGM dispute. Sometimes, the threat of public contest is enough to encourage compromise, even if you don't intend to escalate.
- Leverage any connections you have with the regulators to send messages on governance reforms needed.

Above all, appeal to legacy, not defeat. Frame succession as his crowning act, the passing of the torch, and not of being pushed aside.

Towards multi-gen

Generational change will come. The question is whether it happens through renewal or rupture. You are inclined towards rupture, but good governance requires balance. If the chair can be persuaded to move on, the others will follow. But resist the temptation to sweep every senior director aside.

A board made up only of your generation would be no better. Aim instead for multi-generational balance. Blend the wisdom of experience with the energy of youth, tradition with innovation, and industry knowledge with new capabilities. That is how the company will best serve its shareholders and customers across generations.

Yours in governance



Mr Sid ●

Who is Mr Sid?



Mr Sid is a meek, mild-mannered geek who resides in the deep recesses of the reference archives of the Singapore Institute of Directors.

Burrowed among his favourite *Corporate Governance Guides for Boards in Singapore*, he relishes answering members' questions on corporate governance and directorship matters. But when the questions are too difficult, he transforms into Super SID, and flies out to his super network of boardroom *kakis* to find the answers.

Mr Sid's References (for this question)

Board Guide

Section 2.5: Board Leadership
Case Study 2B-3: Power to Remove the Board Chairman
Section 2.8: Diversity
Section 6.2: Board Dynamics
Case Study 6B-1: Dealing with Disagreements in the Boardroom

Nominating Committee Guide

Section 3.5: Board Diversity
Section 3.10: Cessation of Directorships
Case Study 3B-6: Removal of a Board Chairman
Section 7.2: Succession Planning for Board Chairman

Boardroom Matters

2025 Feb "Keeping Boards Relevant in a Changing World" by Na Boon Chong
2020 Oct "Ensuring Cognitive Diversity on Boards" by Shai Ganu
2020 Apr "Board Refreshment, An Investment in the Future" by Jeffery Tan
2016 Oct "Achieving Adequate and Effective Board Diversity" by Adrian Chan
2016 Jan "Will the Truly Independent Director Please Stand Up" by Willie Cheng

SID Directors Bulletin

2025 Q3: "Identifying the Root Causes of Dysfunction" by Shariq Barmaky and Kasturi Nathan
2025 Q3: "Dysfunctional Boards: Insights" by Ho Kwon Ping
2024 Q4: "More than Just Change for the Sake of Change" by Victor Yeo
2024 Q4: "Navigating the Complexities of Leadership Transition" by Ben Chester Cheong
2024 Q4: "Getting Board Succession Right" by Ann-Maree Moodie
2024 Q4: "Making Diversity Work" by Chan Wai Leong

SID Courses

Chairperson Accelerator Programme
Board Chairmen Conversations
Listed Entity Director Programme: LED 2: Board Dynamics
Governance for Outstanding Organisation Directors Programme: SGD 3: Board and Management Dynamics
SID-SMU Directorship Programme: SDP 1: The Role of Directors: Duties, responsibilities and legal obligations
SID-INSEAD International Directors Programme: IDP 2: Board Dynamics, Efficiency and the Role of Committees