

MANAGING

The interview: Leading in Asia

Turning his life's lessons into corporate successes

DBS Group's CEO says his early poverty instilled savvy to thrive in business

Jackson Tai is vice chairman and chief executive of DBS Group Holdings Ltd., one of Asia's largest financial services groups, with operations spanning 15 markets, from its home base in Singapore to Hong Kong, China, India and Southeast Asia. Mr. Tai, 55 years old, joined the lender in July 1999 as chief financial officer after 25 years at the Wall Street investment firm J.P. Morgan (now J.P. Morgan Chase & Co.), where he held several senior positions including global head of real-estate investment banking, head of investment banking and senior regional officer for Asia Pacific based in Tokyo, and head of investment banking and senior regional officer for the western U.S. based in San Francisco.

Since Mr. Tai took the helm in 2002, DBS has become Singapore's and Southeast Asia's biggest bank, with a market capitalization of more than \$826 billion, or US\$16 billion, helped by its focus on improving loan margins and fee-based income. In the fourth quarter of 2005, DBS took a charge against goodwill of more than \$81 billion relating to its US\$5.4 billion purchase in 2001 of Dao Heng Bank, renamed DBS Hong Kong. Including the charge, which further reduced the value of DBS Hong Kong on the group's books, resulted in a group net loss in the period of \$541 million. In the first quarter of 2006, net profit rose 39% from a year earlier to \$5518 million. DBS is 28% held by Temasek Holdings Pte. Ltd., Singapore's state-owned investment company.

Mr. Tai, an American whose parents emigrated from southern China, holds a master of business administration degree from Harvard University and a bachelor's degree from Rensselaer Polytechnic Institute in Troy, New York. He is a director of the Asian Civilisations

Museum in Singapore and a trustee of the Asian Art Museum of San Francisco. He shared his thoughts on management and career development with Kevin Lim in Singapore.

WSJ: What was your first job and the biggest lessons you learned there? **Mr. Tai:** I grew up poor in Chinatown in New York. I always remembered working. I was washing dishes in a Chinese restaurant in a fancy suburb of New York when I was 10. My first real, good money-paying job came when I was probably 13. I was a rock-'n'-roll drummer and the business manager for our band, and we used to do weekend gigs like weddings, graduation parties, whatever. Later, instead of just being out for hire, we booked auditoriums, ran our own discos, hired ourselves. We bought some inexpensive punch, and whatever profit we made we'd divide it that night. We were worried we would find initiators, so to better control our destiny, I booked all the halls so that we were the only act in town. Then we raised our prices.

One learns when young to survive, especially when one is relatively poor. You learn about marketing, pricing—and behaving in restraint of trade.

WSJ: What advice would you give someone starting out in your field?

Mr. Tai: I remind our entry-level people that we are in an extremely competitive world and that one has got to specialize, to know something very well. You will get a chance to grow in the business, apply [your specialization] and over time broaden it. With knowledge comes a strong point of view, one is more comfortable taking risks and therefore is likely to get decent returns.

As you develop this specialized knowledge, as you go up [the corporate ladder], you will get the chances to add

a second or third dimension to help you become a successful manager and leader.

WSJ: Given your strong interest in history and the arts, what have you learned there that is relevant in the banking world?

Mr. Tai: I think that an appreciation for the arts, be it music or literature, gives you a deeper perspective. It helps you engage people and appreciate the unrecurrent, providing that 20/20 vision when it comes to understanding situations, people and personalities.

WSJ: Do you have a favorite business book? What are you reading now?

Mr. Tai: I don't really like to read business books. If I do, I'll scan them on the airplane. I've scanned recently a very interesting book called "Blue Ocean Strategy" by professors W. Chan Kim and Renée Mauborgne of France's Insead graduate business school, which encourages managers to compete in uncontested waters. It's an easy read.

I'd much rather read history, or books that expand basic knowledge rather than applied knowledge and give you more depth. One book I was reading involves the Middle East, which has seen so much activity in terms of politics and capital flows that all of us need to know more about the place. The book is "Empires of the Sand" [by Efraim Karsh and Inari Karsh]. It's about the struggle for power and dominance in the Middle East from the late 1700s up until the early 1920s.

WSJ: Who gave you the best business advice?

Mr. Tai: I recall that when I was just 33, I was asked by my employer then, J.P. Morgan, to go off to Japan to run our securities business. One of my very senior Japanese colleagues must have seen the terror in my eyes. His advice was: Jack, when dealing with clients,

when dealing with the world, be confident. If one exudes confidence, demonstrates self assurance, it goes a long way in projecting one's self.

WSJ: What was the toughest decision you've had to make as a manager?

Mr. Tai: It was about four years ago, when I took on the job of CEO. DBS had gone through transformations of many kinds, but there was a danger that we were building layers of decision makers and becoming a bit Balkanized. I made the decision to let go of 13% of our managing directors. It was a large cut and it was difficult because you were dealing with people's lives and livelihood, but I think it was necessary.

WSJ: What was the most satisfying decision you've made?

Mr. Tai: In 2004, about 83 safe deposit boxes were accidentally destroyed in a branch in Hong Kong that was under renovation. We didn't sidestep the responsibility by pointing to contractors or subcontractors; we took full responsibility, apologized publicly for the blunder, and took steps quickly to restore trust by offering full and fair compensation to all affected customers. I think we moved from being the butt of jokes to being admired for the fact that we were decisive and took seriously our accountability to customers.

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