

How the Mighty Can Fall... Unraveling the NKF Leadership Fallout (Part 1)

“All of us, at some point, are forced to look at ourselves in the mirror and see who we really are. When that day comes, Mr Sedgewick, you will be confronted with a life lived without virtue, without principle, and for that I pity you.”ⁱ A line from Mr Hundert, teacher caught his student, Sedgewick cheating twice in history contests in the movie, “The Emperor’s Club”

NKF, (National Kidney Foundation), the biggest charity organization In Singapore, was exposed for inflating patient care figures, bizarre human resource practices, irregular accounting, obscene staff salary/benefits, exaggerated patient subsidies, under-reporting on reserves, and conflicting business interests practiced by senior management as well as other not-so-transparent practices.ⁱⁱ

The organization ran the most prolific fund-raising machine. It accumulated the biggest reserves for a charity with over \$240 million. Even Mr Khaw Boon Wan, the Health Minister was lauding it, “For a quarter of a century, the NKF was a model of success for all charitable organizations.”ⁱⁱⁱ

Its chief executive, Mr T T Durai, once the hero of a most profitable charitable organization, has now fallen from glory. He was the first recipient of Singapore’s highest accolade for outstanding youths under 35 in 1976. In 1992, he won the Public Service Star for his NKF work.

Let’s not forget he did indeed sacrifice and accomplish much for the organization. This article is not meant to be another NKF or ‘Durai-bashing’ but hopes to cull up precious leadership lessons for our benefit.

More than anything, I am saddened rather than angered by the revelation. Every time I hear of a leader, like Mr Durai, who was once described by our Health Minister as “clearly a very competent man destined for success in whatever he wants to do”^{iv} falling apart, I am disheartened. Once again, a good leader has fallen.

In a press interview, Mr Khaw made a very pertinent statement, “It continues to baffle me why he got himself involved in the activities that have been uncovered at the NKF.”^v This is the question that I would like to explore. How did it happen?

1. Success can be intoxicating – Beware of its blinding power.

Without a doubt, NKF was an extremely successful organization caring for thousands of kidney patients. It was managed professionally and had fantastic fund-raising programs providing financial reserves that will last for more than a decade.

But success has its down side. Success can blind a leader. It has a way of distorting our self-importance. It bloats up our ego. It makes us think more of ourselves than we really are. Success after success can often lead to arrogance. Arrogance leads to non-accountability. Non-accountability can lead to corruption. And corruption leads to failure.

In his outstanding study on CEO fallouts, Morgan McCall suggests, “Success after success leads to arrogance...when arrogance exceeds intelligence you’ve got trouble. Arrogance not only lead to blind spots but can lead to blindness.”^{vi}

In other words, success has a blinding effect on us.

2. Strength can become our weakness – Beware of its corrupting power.

There is no doubt that Mr Durai has much strength: his brilliance, commitment, and ambition to make NKF world class. As Ms Carol Chua, a project manager for twenty years with NKF, wrote In the Straits Times, “Mr Durai was an important motivating force. He had big dreams of a network of dialysis centers with a bright and cheerful environment to help keep patients’ spirits up...He worked tirelessly to make the NKF a better organization.”^{vii}

Another employee commented, “Every fund-raiser has to top the last. He ran it exactly like a business. If it was a different environment and the NKF was not a charity, he might not have been charged so harshly.”^{viii}

No one would doubt his dedication. It was reported that he was usually the first in the office and often the last to leave. NKF was his life.

As McCall’s research on derailment factors of CEO has found: Every strength has a dark side. Individual brilliance can be intimidating, dismissing people who are less brilliant or devaluing other’s contributions.^{ix}

One of Mr Durai’s public relations team member opined, “He can be very dismissive and once you are in his bad books, it will not be easy for you.” Mr Durai even took the NCSS (National Council of Social Services) which was at one time overseeing NKF to task when it highlighted certain discrepancies in NKF’s practices.^x

Commitment and drive are good. But as McCall has discovered, “Over-commitment may lead to defining their whole lives in terms of work & expecting others to do the same; being willing to do almost anything, including questionable activities or treating people as means to an end.”^{xi}

Mr Durai was a hard taskmaster, with a very quick temper. One staff complained, “He had a very quick temper and would censure the employees.” If a fund-raising charity show were not getting enough phone donations, he would not hesitate to step in and get a certain artiste back on stage. Another shared, “Most of the time we’re just so tired. We worked very hard.”^{xii}

Ambition darkens when people do whatever is necessary to achieve personal success at expense of the others or the organization.^{xiii} Some of the more serious lapses during Mr Durai’s reign included inflating patient figures, exaggerating patient-subsidies, and rewarding him and other hard-driving staff with untenable benefits. The KPMG’s report that former board directors had trusted him so much that the board only had a façade of good governance. To them, he could do no wrong.

CEOs whose strength becomes their weakness do not treat people well and think they have right to be condescending and contemptuous to their subordinates. A former NKF staff complained, “We were terrified to give him our monthly updates, especially if things were not going as well as he wanted. He would not hesitate to reprimand us.”

McCall summarizes this derailment factor most poignantly when he concludes; “Arrogance erodes effectiveness by creating perception that normal rules do not apply to them. They bend rules; eventually see themselves as living by different set of standard. They think they are entitled to privilege and royal treatment.”^{xiv}

Surely, being a prolific fund-raiser, Mr Durai was entitled to first-class travels and an office with private bathroom and gold-plated taps? Honestly, who could fault him on that?

The net effect is that once-effective people become increasingly out of touch and become less effective.

(To be continued....)

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ⁱ A line from the movie, "The Emperor's Club" by Mr. Hundert, a teacher at St. Benedict School who was disappointed that his student, Mr. Sedgewick, cheated in a contest when he was 15 and still cheated again in the same contest twenty-five years later.

ⁱⁱ Henson, B. (2005) Old NKF slammed for poor practices. The Straits Times. Dec 20, 2005. Singapore Press Holdings Publication. Singapore.

Shalik, S. (2005) Patients got just 10c from every \$1 donated. The Straits Times. Dec 20, 2005. Singapore Press Holdings Publication. Singapore.

ⁱⁱⁱ Lee, H.C. & Tan, T. (2005). Watchdog roles to be improved in three months. The Straits Times. Dec 22, 2005. Singapore Press Holdings Publication. Singapore.

^{iv} Tan, T. (2005) Disappointing Durai. The Straits Times. Dec 22, 2005. Singapore Press Holdings Publication. Singapore.

^v Tan, T. (2005) Disappointing Durai. The Straits Times. Dec 22, 2005. Singapore Press Holdings Publication. Singapore.

^{vi} McCall, M. 1998. High Flyers. Developing the Next Generation of Leaders. Harvard Business School Press. Boston, Massachusetts, USA.

^{vii} Chua, C.S.G. (2005). Durai has done far more good than bad for NKF. Forum Page. The Straits Times. Dec 29, 2005. Singapore Press Holdings Publication. Singapore.

^{viii} Mulchand, A., Nadarajan, B., Tan, J., & Lee, H.C. (2005) The man who ruled with an iron fist. The Straits Times. Dec 22, 2005. Singapore Press Holdings Publication. Singapore.

^{ix} McCall, M. 1998. High Flyers. Developing the Next Generation of Leaders. Harvard Business School Press. Boston, Massachusetts, USA.

^x Mulchand, A., Nadarajan, B., Tan, J., & Lee, H.C. (2005) The man who ruled with an iron fist. The Straits Times. Dec 22, 2005. Singapore Press Holdings Publication. Singapore.

^{xi} McCall, M. 1998. High Flyers. Developing the Next Generation of Leaders. Harvard Business School Press. Boston, Massachusetts, USA.

^{xii} Mulchand, A., Nadarajan, B., Tan, J., & Lee, H.C. (2005) The man who ruled with an iron fist. The Straits Times. Dec 22, 2005. Singapore Press Holdings Publication. Singapore.

^{xiii} McCall, M. 1998. High Flyers. Developing the Next Generation of Leaders. Harvard Business School Press. Boston, Massachusetts, USA.

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