

## Honor. Integrity. Performance.

An Interview with Angela Chao, Chair and Chief Executive Officer, Foremost Group

**EDITORS' NOTE** Angela Chao was previously Vice President of Foremost Group, concentrating on Ship Operations and Ship Management, and then promoted to Senior Vice President of the Company, adding Chartering and Sale and Purchase to her responsibilities. Prior to that, she was Assistant Vice President where she implemented Foremost Group's Safety Management System to comply with the International Safety Management (ISM) Code. Before joining Foremost Group in 1996, Chao worked in the



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Mergers and Acquisitions Department of Smith Barney, now Morgan Stanley Smith Barney. She is a frequent speaker in the United States, Europe and Asia and serves on the Board of the American Bureau of Shipping Council and the Massachusetts Maritime Academy's International Maritime Business Department Advisory Board. She also serves on the Harvard Business School's Board of Dean's Advisors, The Chairman's Council of the Metropolitan Museum of Art, the Board of the Metropolitan Opera, the Carnegie-Tsinghua Center for Global Policy Board of Advisors, the Shanghai Mulan Education Foundation and the Ruth Mulan Chu Chao Foundation. She is a member of the Council on Foreign Relations, serves on the Young Leaders Forum of the National Committee on U.S.-China Relations, and is the Honorary Chair of the Chiao-Tung University Alumni Association in America. In June 2016, she was nominated to be an Independent Non-Executive Director of the Bank of China. Chao earned an MBA degree from Harvard Business School after receiving her undergraduate degree in economics from Harvard College where she graduated magna cum laude in three years.

**COMPANY BRIEF** Foremost Group ([foremostgroupusa.com](http://foremostgroupusa.com)) is an American shipping company with offices in the United States and Asia. Founded in New York in 1964 by Dr. James S.C. Chao and his late wife, Mrs. Ruth Mulan Chao, the company today is a global leader in the dry bulk shipping industry and has earned a worldwide reputation for its commitment to exceptional service and performance while always holding itself to the highest ethical standards. For more than 50 years, Foremost Group has maintained its core values – honor, integrity and performance – as the ingredients for success.

**Will you highlight the history and heritage of Foremost Group and how the company has evolved?**

Foremost Group is an American dry bulk shipping company, headquartered in New York, and co-founded in 1964 by my father, Dr. James S.C. Chao. Foremost's core values have remained unchanged throughout its more than 50 years of operations. Our motto is "Honor. Integrity. Performance." My father's determination and focus to always uphold our core values through

market ups and downs has allowed us to weather shipping's cyclical and wild vicissitudes. When my father began the company, there were more than 100 shipping companies in New York City. Today, there are only a handful – most have either moved out or disappeared altogether. I'm very proud of the fact that Foremost is recognized throughout the industry for its exceptional service, high integrity, efficiency and performance, as well as its attention to the care and well-being of its crews, and its commitment to integrating environmentally sustainable practices throughout its operations. As the second generation, I am honored and privileged to carry on my parents' legacy and life values in leading Foremost.

**Will you provide an overview of Foremost Group's business and what have been the keys to the strength and leadership of Foremost Group in the industry?**

Our business mission is to remain a premier provider of ocean transportation services and a model of excellence in our industry. Our ships have long-term contracts with the world's first-class agricultural and commodities companies to deliver their cargoes. That means delivering the world's major dry bulk commodities like wheat, grains, iron ore, etc. to wherever our clients want them to go. We ensure the cargo arrives safely, on time, and is transported in the most efficient manner possible. In essence, these ships transport goods from where they are produced to where they are needed. Major dry bulk commodities build and feed the world.

One of the keys to our success is planning not only for the good times, but for the inevitable downturns in the global market.

While we must have good, long-term strategic plans, we must also be nimble enough to pivot when the market changes. There are many non-market factors beyond our control that impact shipping, such as the weather or even piracy. The economic impact of these disruptions cannot always be avoided, but they can be tempered by proper and proactive planning. We employ a prudent, forward-thinking approach to our fleet. Foremost orders its own ships to its own specifications, which are eco-friendly and higher than those required by regulations. We customize our ships to fit our customers' needs, and we don't order a ship unless we have employment to support it. But most importantly, a foundational element of our success is the belief that shipping is not an asset finance business, but that it's about people. As a company you have to perform, but you cannot perform without cultivating the people – shoreside and onboard – who will deliver the company's services. Highly-skilled, motivated people are essential to the company's ability to deliver consistent performance over time. The flip side of that same philosophy is picking the right counterparties. Shipping markets are very cyclical and volatile, and so having the right partners – not necessarily equity partners, but partners in business – is essential. In order to do that in shipping, when contracts can be ten years or more, a company must prove itself worthy of trust and commitment first. Foremost has decades of proven performance and numerous examples of going above and beyond what is in a contract to ensure the best performance. That is what has earned Foremost the trust and respect that it has garnered in our industry.

**Foremost Group has a clearly defined culture and set of values. How critical is the company culture and its values to the success of the business?**

It is absolutely essential. Our core values of "Honor. Integrity. Performance" infuse every aspect of our corporate culture. My father always taught us, as employees and also as daughters, that our actions speak louder than words, and that our word is our bond. My parents also taught us that listening was as important as speaking, and that to give is better than to receive. I could go on and on, but most importantly, my parents truly

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embodied those values in a way that I have not seen anywhere else. They practiced what they preached and I will be forever thankful for their example as role models. They set the highest standards which continue to be my inspiration and benchmark every day.

As their daughter, and now as the leader at Foremost, I come across situations time and time again where I can draw upon their wisdom and put into practice their example. I try to infuse their value system into our company and share it with my colleagues – their sense of purpose, integrity, pride, and joy in a job well done. My parents taught us that true happiness comes from productivity. To be productive you have to equip yourself with the education and experience necessary to produce consistent results. They constantly reminded us that flattery was superficial and fleeting. Instead, they encouraged us to create a strong foundation from which to grow and to give. They were always teaching us how to create virtuous cycles – of learning, of growing, of giving, etc. – that lead to fulfillment and inner peace. I try to embody my parents’ deep philosophical thinking in not only my life, but in my management and leadership style, so that it overflows organically and seeps into our company culture and value system.

**Will you discuss Foremost Group’s fleet and its commitment to having eco-friendly ships?**

My father was a pioneer in incorporating environmentally friendly designs into Foremost’s ships. Since its founding, Foremost Group has been committed to incorporating eco-friendly, fuel efficient designs and technology in the company’s fleet of modern bulk carriers. That’s why the Foremost Group’s fleet includes some of the largest, most modern and eco-friendly ships in the world. Our fleet is approximately 5 million DWT, and transports more than 20 million tons of dry bulk goods per year. It is also why the average age of our fleet is less than 5 years old, and that has been maintained for over 30 years. Many new companies tout a similar statistic before going public, but it’s very hard to maintain that average age of less than 5 years over decades. Foremost has done it. That’s because we keep up with the latest environmentally friendly designs and technologies. We take great pride in our track record as responsible environmental stewards.

**Who is the Foremost Group client and how broad is the target market for the company?**

Foremost Group works exclusively with first-class international charterers, including some of the world’s leading companies such as Cargill, Bunge and Louis Dreyfus. But in the larger sense, we serve the world. Approximately 90 percent of all world trade is seaborne, and most people don’t realize how dependent their lives are on shipping until we have a global supply chain squeeze like we are having now. Then, suddenly, people start to realize their holiday gifts aren’t coming on time, or the materials for their home renovation projects are delayed, etc. As for the size of our target market, my father always said he never wanted Foremost to be the biggest. He wanted Foremost to be the best. I carry on that goal.

**What do you see as the keys to effective leadership and how do you describe your management style?**

I believe the keys to effective leadership are the same elements that underpin most successful business endeavors: subject matter expertise, attention to detail, clear articulation of goals and values, proper long-term planning, effective risk management, openness to innovation, and the cultivation and retention of good people. I feel incredibly fortunate to have been surrounded by hard-working, intelligent, value-driven men and women throughout my entire life – not least of whom are my parents and sisters. I started visiting ships and shipyards with my father at a young age and fell in love with the industry. I saw firsthand the results of my father’s approach to business – he is a rock star when he goes on a ship. The crew all line up and salute him, even though we don’t ask them to. They want to meet him and shake his hand. He spends time with the crew and invests in them, so they take good care of our ships. My inspiration has always been my father’s leadership which is based on a clear set of values that emphasize service to others and contributing to society.

In addition, as a woman executive in a male-dominated industry, I’m something of an outsider which gives me a fairly unique perspective. I’m not afraid to think outside the box, or to look for talent outside traditional models of industry recruitment. Gender diversity has always been a priority. We are proud that approximately half of our onshore staff

are women. In my experience, I have found that having more voices representing a diversity of backgrounds and opinions at the table delivers the best outcomes.

Let me add that it is so important to lead by example. That is what my parents did, and I can think of no finer role models to emulate or better way to live my life than to follow their example.

**You joined Foremost Group 25 years ago. Did you always know that you wanted to join the family business and how special has it been to work with your father?**

I did. As noted previously, I started visiting ships and shipyards with my father at a young age and became fascinated by the industry. He never forced any of his six daughters to enter this business – he gave each of us the freedom to make our own decisions about our careers. From my earliest days visiting ships with my father and having grown up watching the long hours that my parents toiled to make a better life for their growing family, I always knew I wanted to be a part of the family business. When I decided to graduate from Harvard in three years so that I could start working at Foremost sooner, my parents put on the brakes and told me to get my training somewhere else. I went into corporate banking – mergers and acquisitions – for two years, but I always longed for the day I could follow my parents by working at Foremost. Just as I was about to join, I was nervous as to whether I would be able to live up to my father’s expectations. It was at this time that my mother was an invaluable bridge between the two of us. She reminded me that my father always loved me, but the office wasn’t always the place to express it. My mother passed away on August 2, 2007, but I invoke her lessons and words more than ever, especially as I get older. I am so grateful to have had so many years to work alongside my father; he still teaches me something new every day. He is the wisest person I know. He teaches me more by how he treats and interacts with people than anything else. My parents are truly beautiful people inside and out.

Let me end by noting that Foremost would not be possible without the commitment and bond between my two parents. Whenever things get tough, I think of them and all they had to sacrifice and endure, and my spirit is renewed. ●