



Marathon HR

HR Magazine spoke with William Yeung, CEO, City Telecom (HK) Ltd. to find out how innovative HR policies have helped the company grow from humble beginnings in 1992 to its NASDAQ listing in 1999, and current status as the fastest growing broadband service provider in Hong Kong.

Marathon selection process

At the heart of the company's HR ethos is the fact that all staff are referred to as 'Talent' rather than employees, Yeung explained, "We are offering them a career, rather than a job." To illustrate this, the company ran their 'CXO of the Future' programme in a global search for two management trainees—taking candidates with less than two years experience because they wanted someone fresh. The programme, conducted in five stages over three months, included two days and one night on an Outward Bound training exercise.

Once they get through that, the hard work had only just begun and successful candidates were then required to run a half marathon and read no less than 18 management books during their 18-month probationary period, when they were assigned to different departments. Yeung admits, "This is physically and mentally gruelling" and the process is capped off with the fact that candidates must sit the CFA examination, which currently only has a 33% pass rate in Asia. Yeung explained, "The reason for requiring CFA, when the CXO path does not necessarily lead to a CFO role, is that it provides the flexibility to hire people from non-finance backgrounds. It is also important that they can speak the common CXO business language and have their specialities in other areas."

Reward performers, remove underachievers

Last year the company celebrated 10 years on NASDAQ and Yeung asserted the importance of Talent management as critical in facilitating this success. He added, "Every member of staff should be viewed as a Talent, and an asset, unless they are the wrong Talent. Therefore Talent is groomed through all means—be it incentives or making staff aware that unless they perform, they will lose their job."

City Telecom certainly works hard to nurture Talent, and they are also not shy in 'getting the wrong Talent off the bus' when necessary. In what some may view as a harsh, yet extremely effective, HR strategy every year the worst performing staff have their contracts terminated. These represent the poorest performers with salaries totalling 5% the entire payroll. If, for this reason, a department terminates someone's contract, then the relevant salary amount from the staff member stays with that department, and can be utilised for training and/or new hires.

By getting rid of the lowest performers, the company is then able to reinvest that money into recruiting new Talent or offering increments to other better performing members of the team. In short, the company prefers to focus its resources on its top 95% of 'right Talents' rather than divert attention to the bottom 5% of 'wrong Talents'. This policy also helps strengthen transparency, and staff members are reviewed twice a year if they are within the bottom 5%. If they are in this bottom 5%, they have six months to improve—otherwise they know their fate.

Initiatives more often than not come from the top management. Yeung explained that when asking middle management to initiate change, it was often those who manage frontline staff, and therefore are likely to have greater understanding of customer needs, who are able to more rapidly adapt to change. In contrast, backend staff tended to be more resistant to change and slower to adapt. To deal with this challenge the company has put itself into a growth mode and rolled out recruitment of more sales and network development team members.

Yeung also highlighted the importance of focusing on the quality of the existing staff and to enhance staff retention as well as the bottom line the company makes it a priority to provide a platform for Talent themselves to be entrepreneurial.

Nurturing Talent

Yeung shared why City Telecom was fairly 'recession resilient' as broadband is a basic need. This was even more so during the recession, as an increased number of people tended to stay at home and so make use of domestic broadband. Technology has already helped the company not just with external communications, but also internally. For example, internally it has helped the HR team by boosting communication via an online Talent forum, where Talent can share ideas and post videos. This is further strengthened through direct interaction and HR holds regular roundtable meetings and two individual Talent meetings each year.

Apart from their current search for management trainees City Telecom is dedicated to 'doing more with less'. Yeung added that four years ago the organisation employed 3,800 Talents—serving 640,000 customers; currently they have 3,200 Talents—serving over a million customers. Yeung believes this is because they invest heavily in their Talent to maximise their potential and productivity. For example, the 'Next Station University' programme, where the company pays 90% of the fees for courses that are tailor-made and taught by lecturers onsite, represents a \$10 million investment in Talents who do not currently hold a degree.

Yeung also stressed that here must be 'crystal clear communication' between the board and HR team, and that management committee had been very involved in the CXO project right from the start. He added that one of the company's biggest achievements was their 'team' who are dedicated to learn and improve themselves—due to a company that stimulates and rewards self-development.

Yeung concluded that HR should focus on quality, not quantity by adding value to each individual Talent. He also stressed the importance of benchmarking: individually—by department, within the industry, and beyond—locally and globally, as this ensures you are getting better value for your payroll.