



AWARD CATEGORY: CHAMPION OF HR

Why they were nominated and selected as finalists

Finalists will be evaluated based upon their commitment to supporting employees through HR and HR initiatives. Specific areas of evaluation and award judging criteria include:

- A demonstrated track record in supporting HR and driving, from the top, agreed HR strategies and initiatives
- Ability to lead and create an environment that focuses HR and all employees on the organisation's priorities, directives and their expected place in the process
- Contribution and implementation to specific HR initiatives including Talent development and retention strategies
- Business related HR sensitivity and savvy
- Communication effectiveness towards employees
- Innovation within other HR disciplines and areas
- Champion of change

FACT SHEET

Name of your organisation:

Is your company: ☐ Head Office ☐ Asia Pacific Office ☒ Local Office

Total no. of employees in Hong Kong: 1,593 as of 2009/ Jul 2010

Questions:

Company overview (150 words)

Established in 1992, City Telecom (H.K.) Limited provides integrated telecommunications services in Hong Kong via its own self-built fibre network. City Telecom's wholly-owned subsidiary, Hong Kong Broadband Network Limited (HKBN), is the fastest growing broadband service provider in Hong Kong. HKBN offers a diversified portfolio of innovative products that serve over 1,027,000 subscriptions for broadband, local telephony and IP-TV services. The Company has built a solid market position with top-of-the-line applications and practices enabling it substantial growth. The company takes great pride in developing its 3,000 Talent force into a competitive advantage.

For details of our Vision Statement, please refer to Enclosure (2) or
<http://www.ctigroup.com.hk/ctigroup/eng/careers/vision.htm>



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1. What was your biggest employee and/or HR challenge in 2009/ Jul 2010? How did you overcome it and what was the outcome?

The year to July 2010 was bad in terms of macro economy but City Telecom (CTI) managed to achieve record growth as broadband is “utility-like” need and we were able to differentiate amongst our competitors our highly innovative “Member-Get-Member” promotion and superior customer service. In 2009, we had a record 75,000 subscriber growth to 392,000 as of 31 August 2009, but we shattered the record with 134,000 subscriber growth to 510,000 as of August 2010, despite tough economic conditions overall.

Our management took a pragmatic approach to ensure our long-term sustainability, with stringent headcount and cost freeze, but without cutting into our Talent development. Our performance structure cultivated innovation, managers that perform better than expected are allowed to invest the difference and are rewarded accordingly, i.e. we broke away from the traditional, “spend-it-or-loss-it” disincentive to innovation.

*“If “working hard” equals to “working long hours”, then **Smart Talents do not work hard.** Smart Talents will **think more in advance** to decide which is **important and/or urgent**, then **focus** to do the job **in the simplest way**” as extracted by William Yeung’s sharing*

Our difference was to have the engagement of all stakeholders – investors, customers, Talents and vendors, to work as an ego-system partnership. Over the years, we have invested a lot to engage with our various stakeholders. For example, during the economic crisis, we partnered with our vendors and actually accelerated their payment terms, to ease their financial burdens, in return for higher service commitments, which was a win-win for both of us.

Another example is that with over 3,000 Talents in Hong Kong and Guangzhou, we have the economics of scale to offer certain Learning & Development programs, which then set aside some seats for our various stakeholders such as vendors, regulators and customers etc. Recently, we hosted training by speakers such as Mr. Alfred Cheung, a highly successful film director on communication skills and Ms. Mary Cheung, former Miss Hong Kong on presentation, which we provided space for our stakeholders to inter mingle with our Talents.

Most people consider Hong Kong Broadband Network (HKBN) as a technology lead company and expect that capital investment in technology assets would be the greatest cash expenditure. This is actually a wrong perception, instead, talent expenses, mainly salary, is our biggest single cash expense in Group, we are in fact a “Talent” company.



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With the mentality of “turning the impossible into possible”, we engage “3E” –, Entrepreneurship, Engagement and Execution as our business model to strive for the best.

Entrepreneurship: We take a “Customer-In” vertical management structure dividing Hong Kong into 5 distinct districts, each with a “Mini-CEO” directly responsible for every customer’s life-time relationships. We optimized our management structure to benefit our customers rather than follow traditional horizontal functions for operational efficiency. Traditional companies are managed by horizontal functions such as network development, sales, customer service etc, but CTI customers interact vertically across these functions. Horizontal management often results in silos, e.g. calling a service hotline, only be kept waiting and then be passed to another department. For us, we no longer manage according to traditional metrics, such as number of customer complaints handled per operator, rather we try to eradicate the root cause of the problem. For us, every department head as a “Mini-CEO” is responsible for the entire customer lifetime experience with our company. Ironically, when we moved to a vertical by region structure, the end result is more efficient as we end up serving our customers right the first time.

The result is that, our residential broadband service secured leading growth in the industry with an extremely low customer churn rate of below 1% per month.

Engagement: Engagement is an essential tool for stakeholders to buy-in. “Mini-CEOs” strive for the best to serve their internal and / or external customers. For our internal customers, i.e. our Talents, we have taken a similar approach and formed Talent Engagement department, which incorporates traditional functions such Talent Management, Learning & Development, Administration etc. By grouping all our Talent functions together, our Talents also enjoy a single point of contact for their career needs.

In short, our “Mini-CEOs” have full empowerment for them to run their own business. Hence, we developed our “Mini-CEOs” as multi-skilled entrepreneurs rather than functional specialists. In return, they are rewarded by the upside and downside of their business by making reference to their achievement in departmental KPIs. We have a strong performance culture, i.e. we like a relay swimming team, we win as a team, but each individual needs to be a strong contributor.

Execution: We do not walk the talk. Just like our high-speed broadband service, we do “run the talk”, that is, our action-oriented culture focuses on result and speed.



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“In life, some just talk the talk, others try walk the talk. At HKBN, we run the talk!” as quoted by William Yeung

We have flat hierarchical structures and are repellent to office politics. Our time is only reserved for caring our stakeholders. To illustrate, one frontline Talent expressed their concerns in their uniform during a group meeting and we made have a quick follow up action within 1-week’s time.

2. Please describe a new HR strategy implemented in 2009/ Jul 2010 that had the most positive impact on your organisation. What was your role within the process?

Our **People strategies** have been implemented and based on the framework of our “CARE” approach which we believe that it had the most impact on our corporation in 2009 / 2010.

Communication: To have successful empowerment to our Talents, we keep them fully informed on everything in the Company so that they can have the right individual / departmental Key Performance Indicators (KPIs) in alignment with the corporate business objectives. Communication must be open and multifaceted.

We spare no expenses to have comprehensive all 3000 Talent Town Hall meetings twice a year. I also personally issue a CEO Video Blog “CEO online” to directly address timely issues that arise across a wide range of Talent feedback channels. As such, I believe that we can have a closer touch with our Talents and showcase our commitment on “run-the-talk”.

Aspiration: Our Vision Statement has set out vividly to guide the actions of the corporate, spelt out its overall goal and provided a sense of direction. It is important to be candid with Talents so that they can have broad-based thinking, visioning and nurturing.

Being a local-based telecommunications provider in Hong Kong, we have benchmarked with the worldwide best practices through different innovative ways. In May and August, we gathered our top 100 managerial Talents to nurture their leadership via video and book reflection session including group discussion and my personal sharing with them. As such, our Talents have armed with indispensable leadership attributes, developed their own management style and, most important, set out a corporate blueprint for success.



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*William Yeung, deployed his **4-Level Leader Progression** to all the Management Grade Talents on 22 Jun 2010 as follows:*

***Level 1** leader instructs subordinate to act because of the ranking.*

***Level 2** leader engages peer groups to act because of relationship.*

***Level 3** leader convinces supervisors (the senior ones including the boss) to act because of expertise.*

***Level 4** leader influences external parties including competitors to support or compromise because of charisma.*

To cope with the competitive telecommunication market and industry development, it is crucial for the CTI leaders to be equipped with the Leadership Attributes which focus on Strategic Thinking, Business Acumen, Risk-taking, Drive for Results, Role Model and People Development.

Recreation: An active mind only functions well in a healthy body. We have showed care to our Talents via a diversified wellness programs, for example, distribution of “Chinese herbal tea” and “cooling band” to our frontline Talents in the hot summer.

In this year, we have arranged offsite management gatherings and rewarding overseas trips for our Talents and the total participants comprise almost 15% of our total workforce. 71 paxs of management Talents visited Germany to gain “out-of-the-box” life exposures. We visited the state-of-the-art Porsche production facilities, camped at the Black Forrest, toured the Dachu Concentration camp etc.

However, perhaps the most key visit was to a local farm that has been in the same family for 500 years, where we learn the long term planning, by listening to the local young farmer talk cutting down 80-year old tree planted by his grandfather and how he in turns is seeding new trees for his grandchildren to harvest. This was an eye-opener as in the corporate world, most companies consider 12 months to be long term. In short, this visit re-enforces our commitment to 10-year planning cycles which gives the runway to build competitive advantages that our peers do not have the patience to do.

At CTI, we think differently. Whilst many companies in the service industry tend to outsource their customer contact points due to the labor intensive nature of this business, we keep the far majority of our customer contact points in-house, hence our pool of over 3,000 full time Talents spread between Hong Kong and Guangzhou.

Whilst our Talent development policies are extremely tough, for example, we terminate the bottom 5% of our salary base annually; this allows us to concentrate



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on nurturing and rewarding our top 95% performers. Given that we set very aggressive performance targets a year ago and we have since achieved them, the PHENOMENAL Singapore experience is a reward trip for our top 350 non-management grade Talents, who have shown exceptional customer service, be it external or internal.

Approximately half of the total participants were from our Guangzhou call centre, and for many, this was their first international trip. Besides rewarding in nature, the trip enhanced team spirit and provided an invaluable chance for Talents of different locations and departments to mingle. Extracted the comments from the participants

1. Ms. Mak Chiu Lai, Office Cleaner, Hong Kong, *“Very excited – it’s the first time for me to go overseas”*
2. Mr. Chan, Kwok Ching, Senior Sales Executive, Hong Kong, *“Corporate” feel – not stand-alone individual!”*
3. Mr. Zhang Xiao Long, Marketing Executive, Guangzhou, *“A great opportunity to meet HK teammates, and facilitate the networking thereafter”*

Education: City Telecom has a life-long learning and development culture; however, we would like to differentiate with others that education shapes our Talent’s capabilities and provides them the essential fuel to accomplish their personal KPIs and our corporate objectives.

- **"Next Station: University"** is a four-stage, four-year, HK\$110,000/Talent partnership between City Telecom and 50 of our Talents for a 2nd chance at achieving their dream of a world class university degree. This program is jointly organized with Hong Kong Management Association (HKMA). Graduating Talents will earn a Bachelor of Business Management by University of Wales (UK) upon finishing the whole program.

Mr. Lam Lui, Customer Relations – M Division, Sales Promoter – “I didn’t take advantage of my 1st chance provided by my parents. Now with my 2nd chance, I must complete it as there may not be a 3rd or 4th chance.”

- **Friday for ME (Mandarin/English):** This year, one of our educational programs is to enhance the English proficiency of our Talents. “ME” refers to Mandarin and English. Besides having almost 100 management Talents including myself going through the International English Language Testing System (IELTS) in April, we have invited bilingual Ambassadors to interact with our Talents either in English or Mandarin on Friday. To support this program, I, a local Hong Konger, act as a role model and communicate with



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my direct reportees in English or Mandarin. Once again, we have outperformed others by moving faster and further.

As a Chief Executive Officer (CEO), I understand that it is important to throw lights on the direction of the whole team. However, I need leaders who can think independently, not mindless followers. My primary role is to motivate others to follow the corporate vision and to buy in and achieve the business goals via the above “CARE” approach. It is needless for monitoring if we do coaching well and proactively.

3. What unanticipated challenges presented themselves during the process? How were these dealt with?

Leading 3,000 odd individual entities to embrace our value towards our 10-year Big Hairy Audacious Goal (“BHAG”) to become the biggest IP service provider in Hong Kong by 2016 is challenging. “Getting the right people on the bus” is the most important first step and thus, we hire for “passion”.

Our vision statement is unique to us... see Enclosure (1). It starts by **“To experience the emotion of competition, winning, and crushing competitors”** and then after 2 pages of vivid description, ends with **“My children would say, “Dad, I love to have you as my Father.”** In short, by having a very clearly stated vision statement, we want Talents will either love us (stay) or hate us (leave), but will not be indifferent (stay but looking to leave). If we were going to the Olympics, we would be out to win Gold rather than enjoy the experience. If you are also out to get Gold, then you will fit in perfectly with our company, otherwise you will find the going too tough.

We are not shy in “getting the wrong Talent off the bus” when necessary. We focus our resources on its top 95% of “right Talents” rather than divert attention to the bottom 5% of “wrong Talents”. Once they are identified to be the bottom 5%, they have 3-6 months to improve; otherwise, they know they will lose their job. This mechanism can boost up the performance of the whole team.

As a corporate citizenship, we desperate to create a place in which Talent can do good work, can find meanings and bring their spirits to work. We have fun, work/life balance, education that is beyond-job-related knowledge and different peculiar experience. In a nutshell, we put all the known motivators in place whilst to remove the demotivators that inhibits individual and our overall performance.

4. What strategic role does HR play in your organisation?



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Talent Engagement is the heart and soul of our business and it is hereby embedded in the first item in our business agenda. As mentioned before, our team heads of Talent Engagement department are “Mini-CEOs” with the mission to engage our internal customers – Talents in alignment with our business strategy. They have full ownership and responsibility and there was linkage of Talent Engagement to corporate strategic plan, milestones and operation plan target to achieve in their department Key Performance Indicators.

Our Talent Engagement department focuses on quality, not quantity by adding value to each individual Talent. We groom our Talents through all means – be it incentives or making them aware that unless they perform, they will lose their job.

To excel, our Talent Engagement takes a proactive role in the business strategy, for example, they have strategic manpower planning by having innovative Talent acquisition, identifying high performers which exhibit our leadership attributes and executing Talent development plan so that we can empower them to realise their full potential.

Also, as change is our survival tactic in the Group, Talent Engagement acts as a positive catalyst for change. For example, we have a new marketing strategy in our new Financial Year and Talent Engagement department has contributed in the strategy by having resources planning and execution, and organizing town hall meetings for me to share with all Talents in Hong Kong and Guangzhou about our change in strategy.

Again, the role of our Talent Engagement is no longer as simple as soft and hard HR administration functions. In fact, in our major operational meeting, Talent Engagement is an integral part of the business planning process. As such, our Talent Engagement executives act as business leaders having characteristics that including

- Business acumen
- Ability to understand how a company makes money
- Ability to think critically
- A passion for results
- Ability to link to strategy and execution.

5. Please detail your approach and actions towards employee communications.

Effective communication is like our blood circulation in the group as it is already mentioned as in the above “CARE” approach. To elaborate more, we would like to add the following to showcase our communication platforms with our Talents.



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Internal Branding: Sense of direction, Talent cohesion and morale are cardinal rule of people management. Set up in last year and directly reported to me, our Internal Branding department is to work hand-in-hand with the Talent Engagement to ensure the corporate common values internally and externally is in synchronization and to get all Talents to embrace and live the core value.

Through top management interviews, focus group, one-on-one interviews and internal touch-point audits, we have revamped several HR processes and programs to enhance our Talents' centripetal force in alignment with corporate direction. To illustrate, we developed a comprehensive annual educational plan for our Talents and have on-going quality-check and feedback system in place.

Orientation: As I believe that the importance of the right Talents in the right bus, a good rapport with the new hire is essential. In the orientation program, I will be avail myself to express the welcome message to them and, most importantly, treasure them as a new energy to the corporation. All new hires can have a chance to ask me at least one question on that day. Such direct interaction with the CEO within a short time span after onboard is impressive to our Talents.

Town Hall Meeting: Every year, we have 2 town hall meetings in Hong Kong and Guangzhou respectively. During the meetings, I gave Talents visibility into the future of the company by letting them know our current position and where I want to be. In addition, the highlight of the meeting is Question and Answer session, which is hosted by me. It is obvious that, most often, the frontline Talents expressed their opinions and pressing needs. I, as well as the relevant departments, would follow up the case closely.

6. If not answered previously – please detail your contribution towards Talent development and retention issues and strategies.

“We are searching around the World, for Talents that we can groom to become my potential replacement in 15-20 years time”, William Yeung, CEO said, "We aim at bringing in Talents from different cultural and academic backgrounds. Our belief is that this will bring fresh dimensions and creativity to our business. We are searching for world-class Talents who are passionate about making a positive impact for our home in Hong Kong” ... Global City Telecom Press Release dated 17 March 2010.

At CTI, it is our desire to build a 100-year plus legacy, i.e. we wish for continuous prosperity to be a part of our corporate DNA. As such, we have Talent Development system that is regenerative and not dependant on any individual or even management team.

Besides, for existing Talents, my approach of talent development is to hone our



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Talents. To visualize, I agree that talent development likes tea making and only hot water can get out the tea aroma.

幾靚的茶葉也好，如果唔用滾水沖及浸，茶的香味便走不出來。

我們是茶葉，如果逃避磨練(滾水)或自己不「主動」去磨練，結果如何自己知。

Quoted by William Yeung' s sharing in Talent Development in June.

I would say my primary responsibility is a coach. Around 2/3 of my time is to listen my direct reports and other management level about business issues and their career decisions instead of giving my “command”. Through the discussion, I would like to enlighten their thinking as a personal development. Also, I joined the feedback evaluation discussion from the participants in our “Next Station: University” as an active listener from the top management displays our caring to our Talents.

7. Please describe the biggest accomplishment of your career to date as business leader towards HR and employee issues. Please provide qualitative results where applicable.

Our Talent Engagement is a business driver in our Group as Talent management helps to drive our corporate performance in productivity and revenue growth. Four year ago, we employed 3,800 Talents - serving 640,000 customers; currently we have 3,200 Talents serving over a 1,000,000 customers. The secret is the heavy investment on our Talents to maximise their potential and productivity.

HR practitioners are no longer the functional specialists but also take the role as business leaders. Therefore, a helicopter view is essential and fundamental to the success of the people process and the development process of my Talent Engagement Talents is heading towards this direction, for example, our Talent Engagement Talents are sponsored for CFA examination, as it is a common language to talk with the top management.

For me, I actively take the support role in HR strategies, programs and activities as I understand that my involvement definitely determine the fate of the above. Also, with the previous background, I apply those “force multipliers” in the implementation of people process, for example, surprise and speedily execution are detrimental.

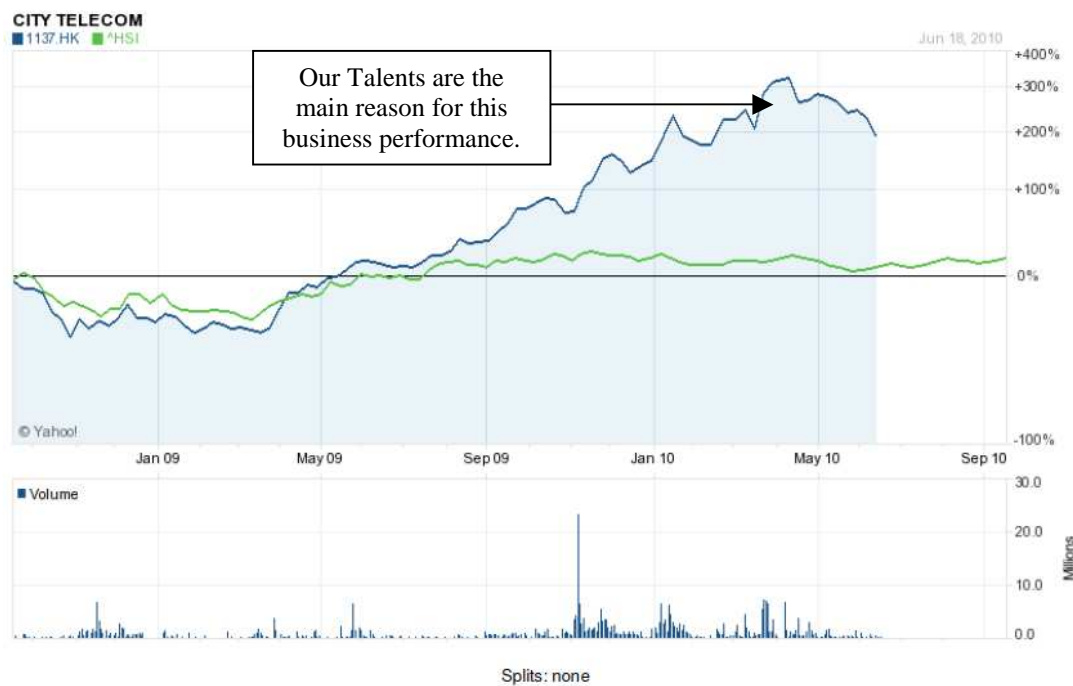
8. Please provide any further information or details you feel are relevant to your nomination.



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The year 2010 signifies a harvesting year for the Group with promising financial results that best manifest the accurate and realistic long-term and short-term strategic business objectives set in 2006 and 2009 respectively. The Group is on track to reach our full year guidance of core EBITDA at HK\$477 million despite pushing for record broadband growth of 119,000 net additions to reach 510,000 subscriptions by 31 August 2010. At this level, we expect this will be more than the total subscription of the 3rd and 4th broadband operators in Hong Kong combined. In fact, we believe we might be the only operator in Hong Kong with net growth in broadband subscription over the past 12 months. Four years into our 10-year journey, we are well on track towards reaching our Big Hairy Audacious Goal (BHAG) of becoming the largest broadband provider in Hong Kong by 2016.

Appendix 1: Our Results – City Telecom Vs Hang Seng Index



CITY TELECOM