

# 500 Year Old Cheese Factory Visit



In 2010, we visited a farm in Germany which has been with the same family for the past 500 years. The farmer talked about cutting 80-year old trees that his grandfather planted and then seeding new trees for his grandchildren to harvest. To build a long term company we must manage beyond quarterly results.

# Talent Development as a Competitive Advantage

Best Strategy for Talent Development, Hong Kong

Jan 2011



**NIQ Lai**

CFO and Head of Talent Engagement

Hong Kong Broadband Network Limited

# About City Telecom Group

1992

- Co-founded by Ricky & Paul with 10 Talents and start-up capital of less than HK\$1 million
- 1<sup>st</sup> company to shatter the International Direct Dial (IDD) monopoly in Hong Kong

2010

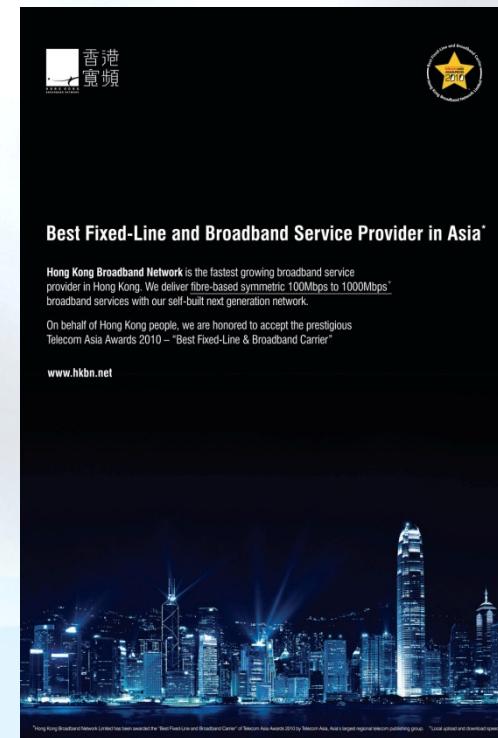
- Over 3,000 Talents located in Hong Kong and Guangzhou with HK\$1.5 billion annual revenues
- Hong Kong's largest alternative and fastest growing residential broadband service provider
- HK\$4.5 billion market capitalization company listed on Hong Kong Stock Exchange and NASDAQ



# People Think of us as a Technology Company ...



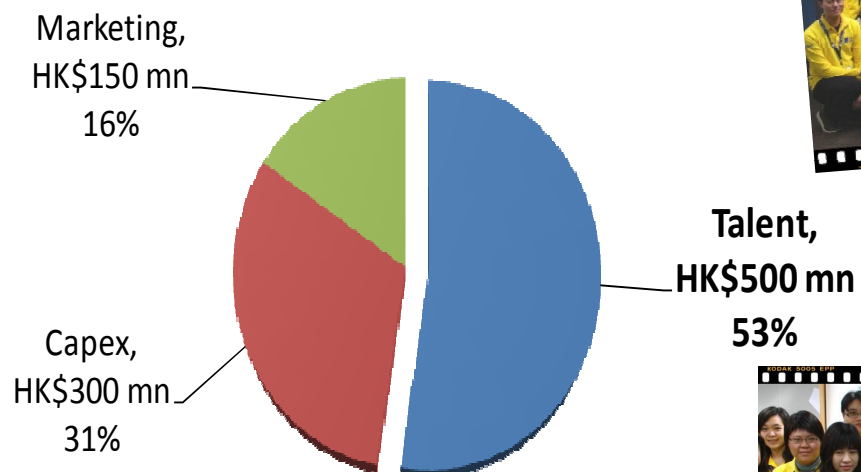
**Cross Harbour Tunnel & Star Ferry, Central  
Billboards**



**Best Fixed-Line and  
Broadband Provider in Asia**

# ... But we are in fact, a Talent (People) Company

Top 3 Annual Cash Outgoings

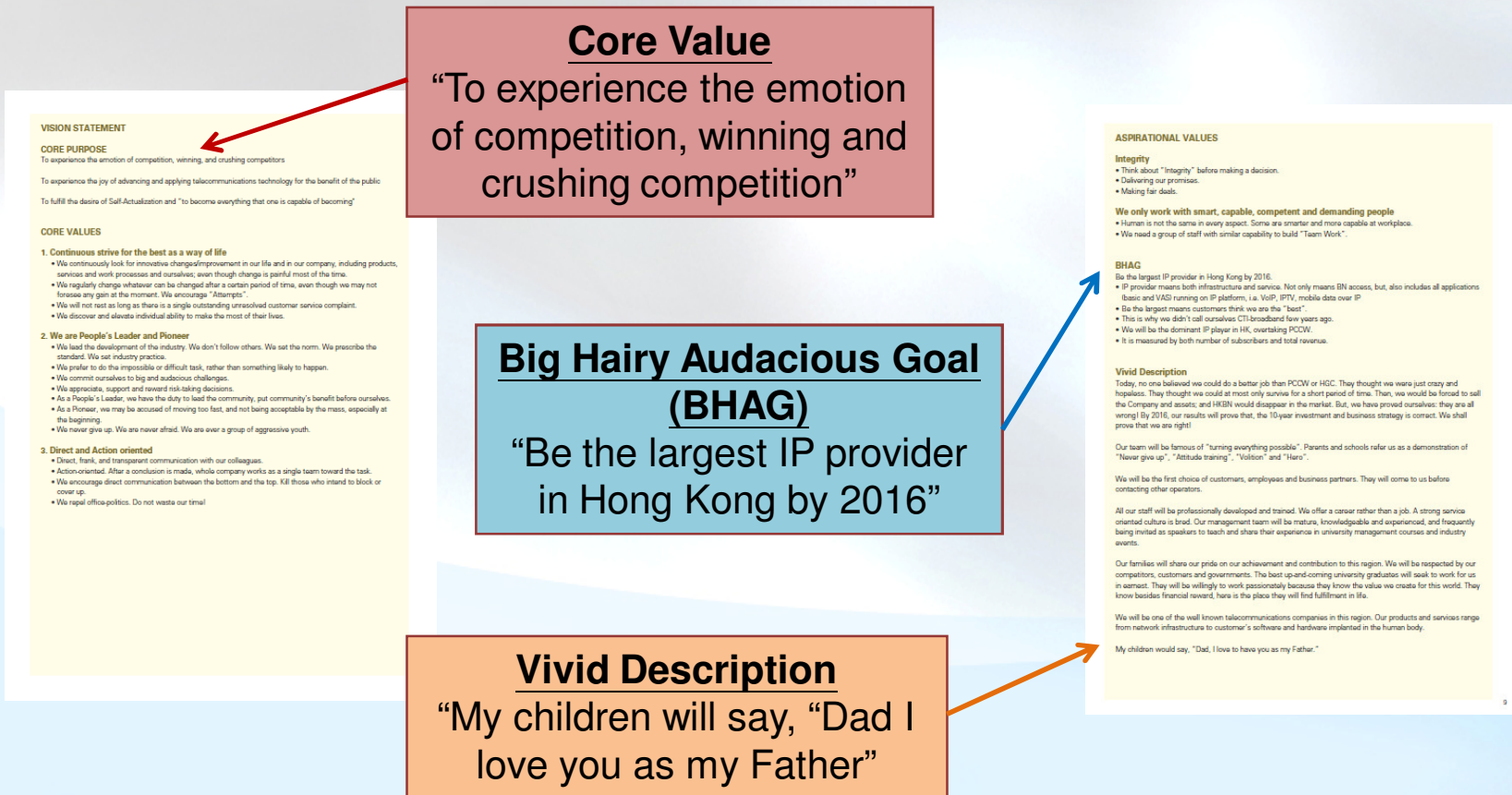








# What are we Passionate about?



## Traditional Structures: “Company-OUT”



**Director of Customer Service**

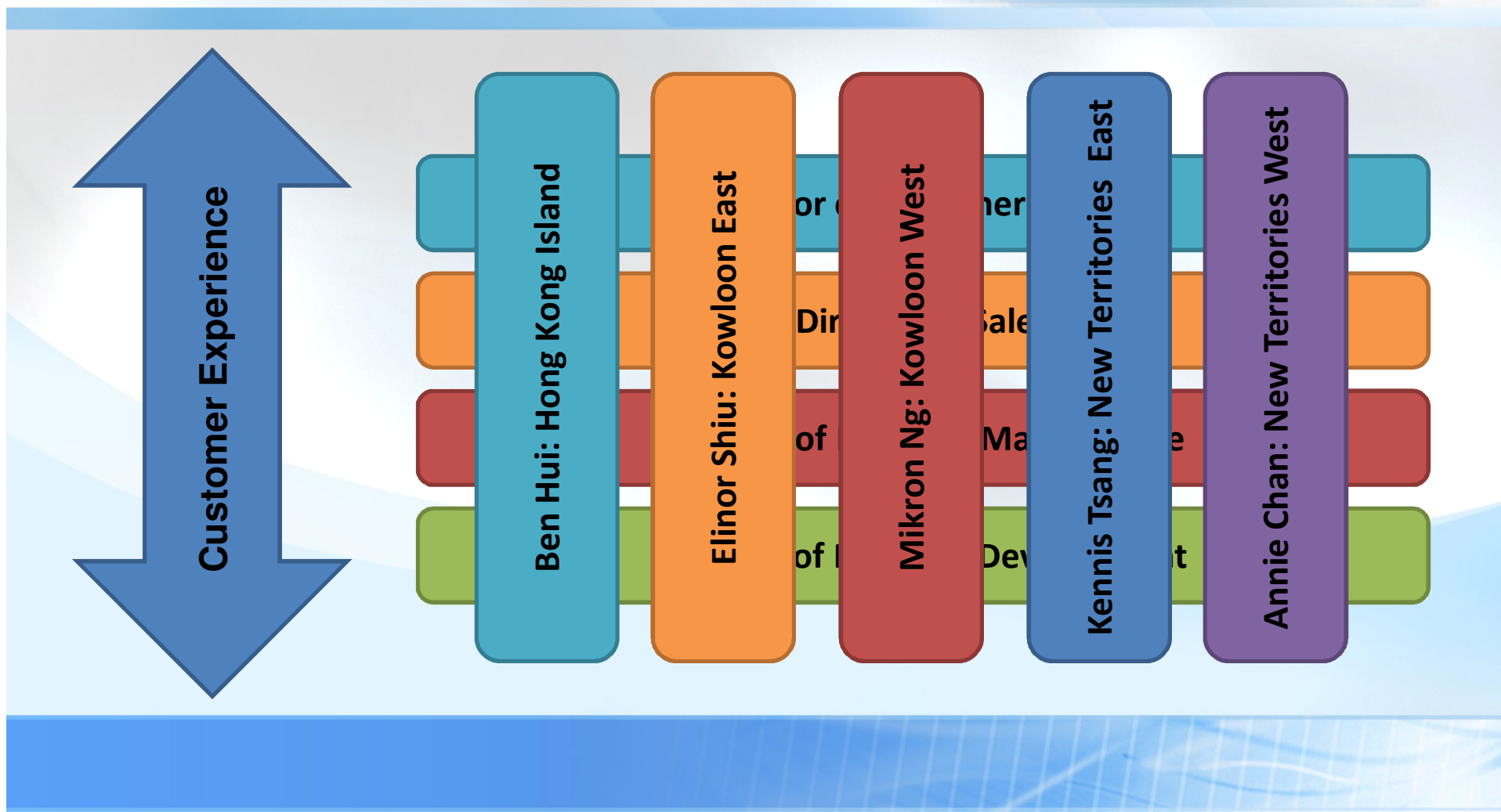
**Director of Sales**

**Director of Network Maintenance**

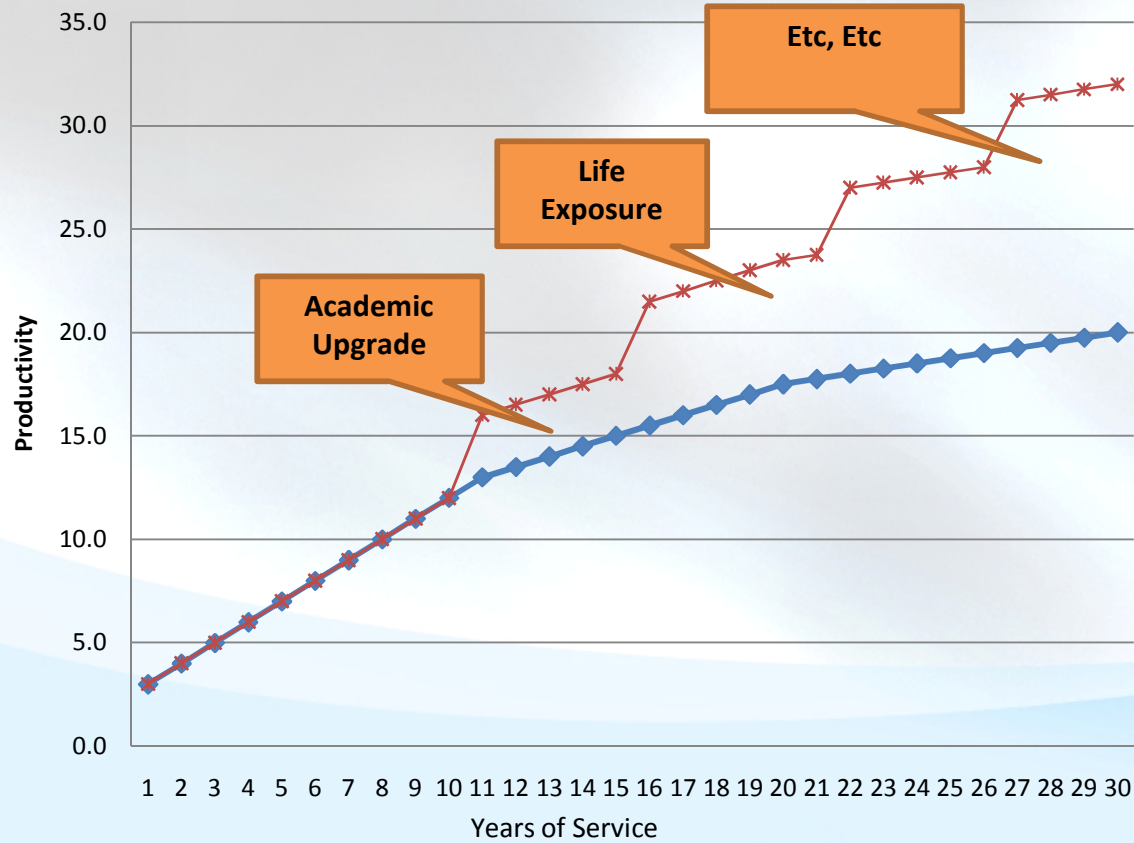
**Director of Network Development**



## Our Structure: “Customer-IN”



# Mid Career Jolts!





# Academic Upgrade

Talent  
Infinity

Next Station:  
University

Education Partnership

## Post Graduate Degree

50-100% Sponsorship Senior Executive  
Program / EMBA

## Bachelor Degree

80% course fee on Stage 1

## General/ Professional Development

80% course fee / 30% of monthly income

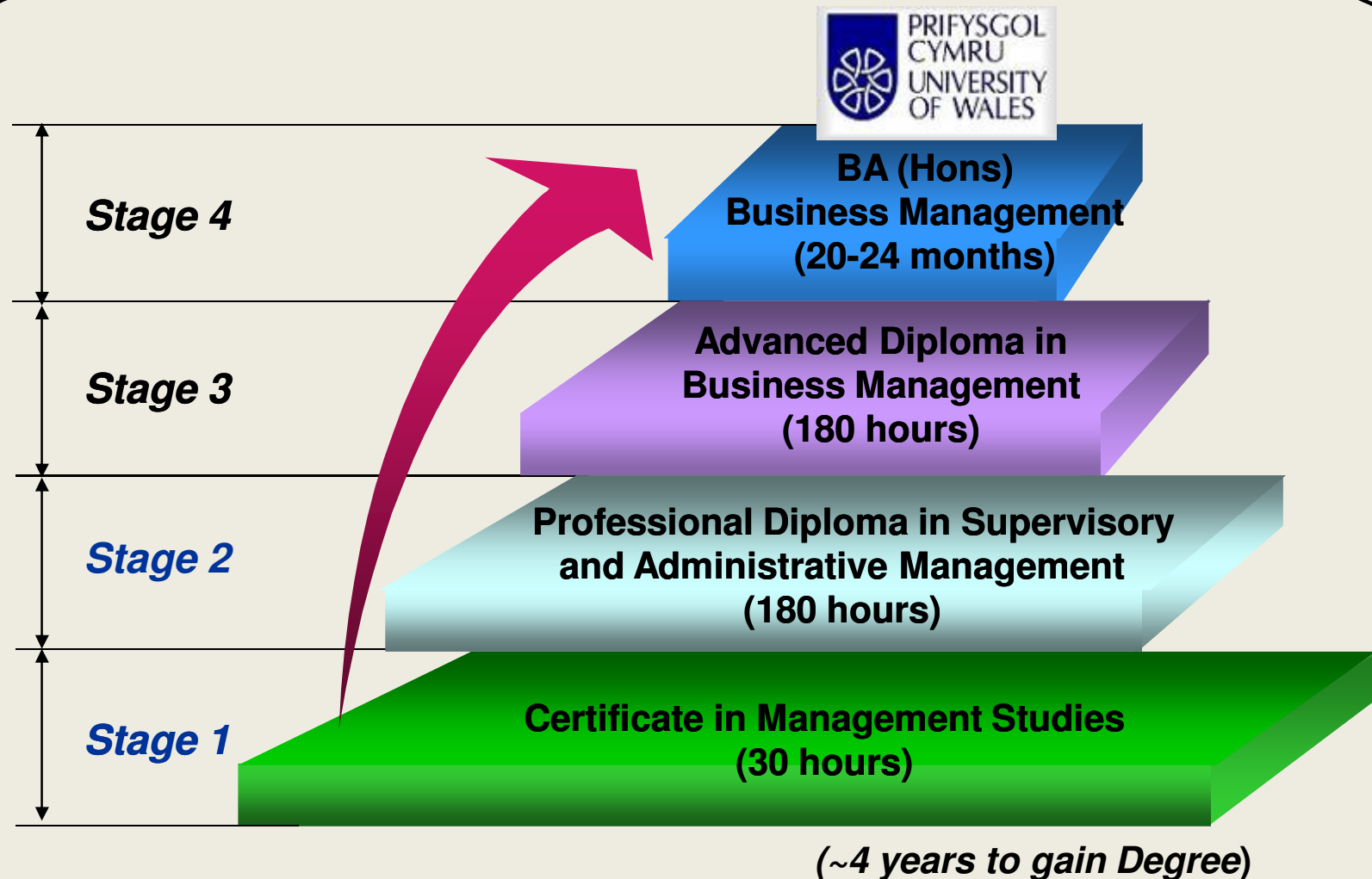
# Talent ∞ Infinity - eMBA Partnership

開始 修讀 年份	人才名稱 (以英文名排序)	部門	職位	修讀課程
2009	1. 黃宇傑先生 (Mr. Andrew Wong)	ACS	Senior Manager - Finance	CU eMBA
	2. 莊建俊先生 (Mr. John Chong)	INC	Director - Corporate	CU eMBA
	3. 梁澤森先生 (Mr. Sam Leung)	CRE	Customer Relations Manager	CU eMBA
自 2006 年起	1. 張樂雯小姐 (Ms. Amanda Cheung)	MEC	Marketing Manager	CU eMBA
	2. 吳紹麟先生 (Mr. Anthony Ng)	IT&D	IT Manager	CU OneMBA
	3. 盧偉民先生 (Mr. Daniel Lo)	ACS	Manager - Finance	CU eMBA
	4. 葉廣達先生 (Mr. Dick Ip)	NOC	Associate Director - Network Operation Centre	CU eMBA
	5. 黃國昌先生 (Mr. Eric Wong)	COR	Associate Director - Corporate	CU eMBA
	6. 鄭靜雯小姐 (Ms. Jessie Cheng)	PR	Associate Director - Corporate Communications	CU eMBA
	7. 曾月薇小姐 (Ms. Kernis Tsang)	CRK	Associate Director - Customer Relations	CU eMBA
	8. 馮星奧先生 (Mr. Leo Fung)	TD	Network Manager	CU eMBA
	9. 黎汝偉先生 (Mr. NiQ Lei)	SED	Chief Financial Officer	Kellogg-HKUST eMBA
	10. 王維基先生 (Mr. Ricky Wong)	MGT	Chairman	CU eMBA
	11. 邵翠珊小姐 (Ms. Tresson Shin)	CRB	Customer Relations Manager	CU eMBA
	12. 楊主光先生 (Mr. William Yeung)	CEO	Chief Executive Officer	Columbia University Senior Executive Program

- 75% of our top 33 Managers have or are in the process of gaining a post graduate degree.
- Sponsor only high quality “in person” courses from The Chinese University of Hong Kong, Kellogg-HKUST, Stephen M Ross School of Business University of Michigan, etc .
- Gain external perspectives without having to leave the company.



## Next Stop University – A Four Year Journey



# Why Are We Doing This?

*Chinese proverb:*

*If you want one year of prosperity , grow grain.*

*If you want ten years of prosperity, grow trees.*

*If you want one hundred years of prosperity , grow people.*

諺語:

十年樹木, 百年樹人





## The Business Case

*At a total cost of HK\$110,000/Talent to Graduation, 80-90% borne by the company, we fully expect to lose money on these 50 Talents going into Stage 3.*

*However, we expect these Talents to act as an Inspiration for our 3,000 plus Talents, for decades to come.*



# Making the Most of 2<sup>nd</sup> Chance



## “My Second Chance”

**Mr Lam Lui, Customer Relations – M Division, Sales Promoter**

“I didn’t take advantage of my 1<sup>st</sup> chance provided by my parents. Now with my 2<sup>nd</sup> chance, I must complete it as there may not be a 3<sup>rd</sup> or 4<sup>th</sup> chance”

[http://www.youtube.com/watch?v=f\\_NKdV7ULYg](http://www.youtube.com/watch?v=f_NKdV7ULYg)

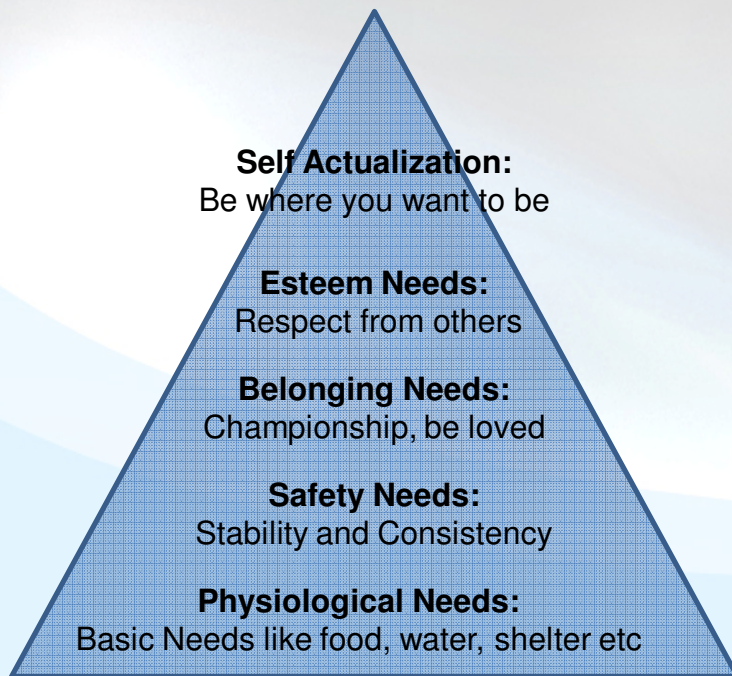




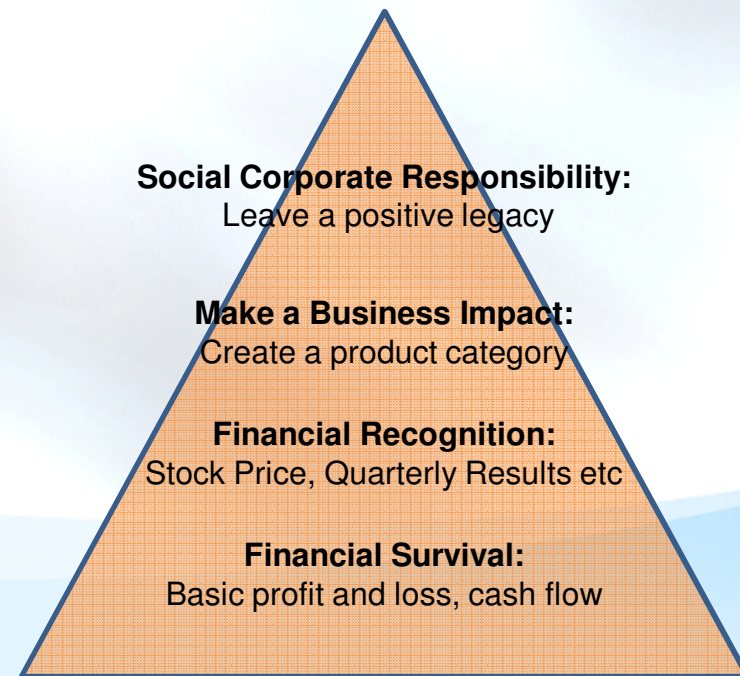
# Life Exposure

# Corporate Maslow Theory

## Individual

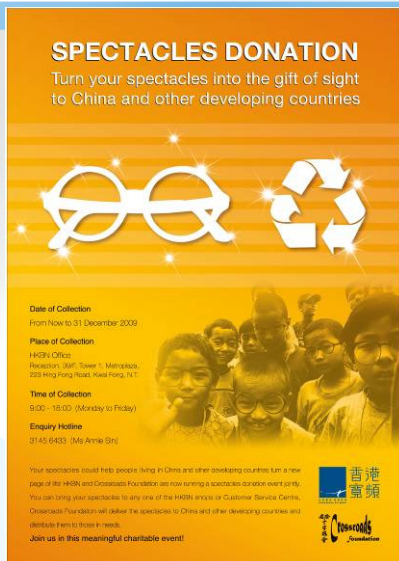


## Corporate





# “CSI” rather than “CSR” ... I = Investing



**Collected 10,000 glasses  
for “Gift of Sight”  
campaign**



**Moon Cake Donation for  
Neighborhood Kids in  
Kwai Chung**





# Team Building Tradition

At City Telecom, Management Teamwork is essential to our past and future success. For over a decade, through good and bad economic cycles, we have made a tradition of having a management offsite to build teamwork.

This year, we invited our top 71 Management Talents for this 7-day trip to Germany.

Table of Past City Telecom Offsites

	Year	Location
1	1999	Gold Coast, Australia
2	2001	Star Cruises
3	2002	Sanya, China
4	2003	Zhuhai, China & Macau
5	2004	Qingdao, China
6	2005	Zhuhai, China
7	2006	Bangkok, Thailand
8	2006	Singapore
9	2009	Japan
10	2010	Germany



Expose our Talents an “Out of the Box” experience, beyond what we are normally exposed to in Hong Kong and in our normal daily business or holiday travels. The idea, is to push ourselves outside our comfort zones, so that we are more capable of doing so when we return to our working environment.



Wine Tasting in Vineyard



Camping in Black Forrester



Concentration Camp



Cycling



Harley Davidson Festival



Beer Factory Visit



# Porsche Factory Visit

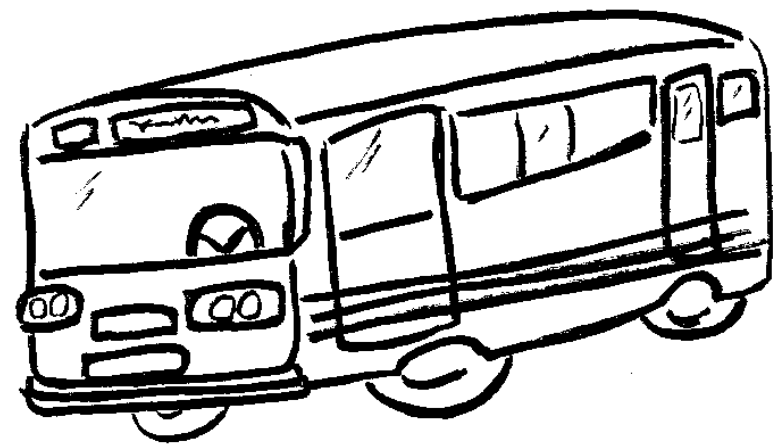


Whilst sport cars may not be personally appealing to all our Management Talents, we should all be interested in Porsche as a state-of-the-art, world-class company with a proven track record of maintaining premium positioning



# Getting the Wrong People off the Bus

- Many implementation challenges but “Do Nothing” assumes that 100% of hires is right for the bus
- Terminate 5% of bottom Salary Base every year
- Focus our limited resources on the top 95% of performers



# Talent Overflow = Happy Problem

- Headhunters calling is good ... No headhunters calling is bad
- Whilst many companies can offer a short term salary premium, few can match our career-life time value and sense of self actualization
- We will focus on developing our stars ... some of our bench player will be attracted to run other companies

# For HR to be a business partner, HR needs to think & talk as one.

HR Talk	Business Talk
Lower staff turn, staff satisfaction surveys	Talent productivity
Improve culture	Why culture is a competitive advantage
Maximize happy sheet survey scores	Maximize human capital efficiencies
Salary increase	Right pay incentives

HR executives needs to be able to translate HR impact in terms of IRR, DCF, NPV etc ... Highly recommend that HR executives take CFA, MBA cross-over courses.

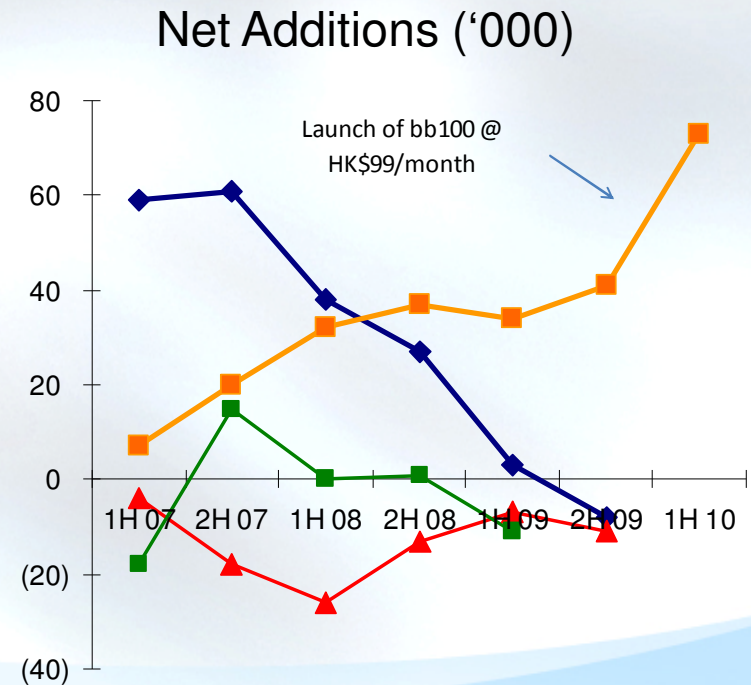
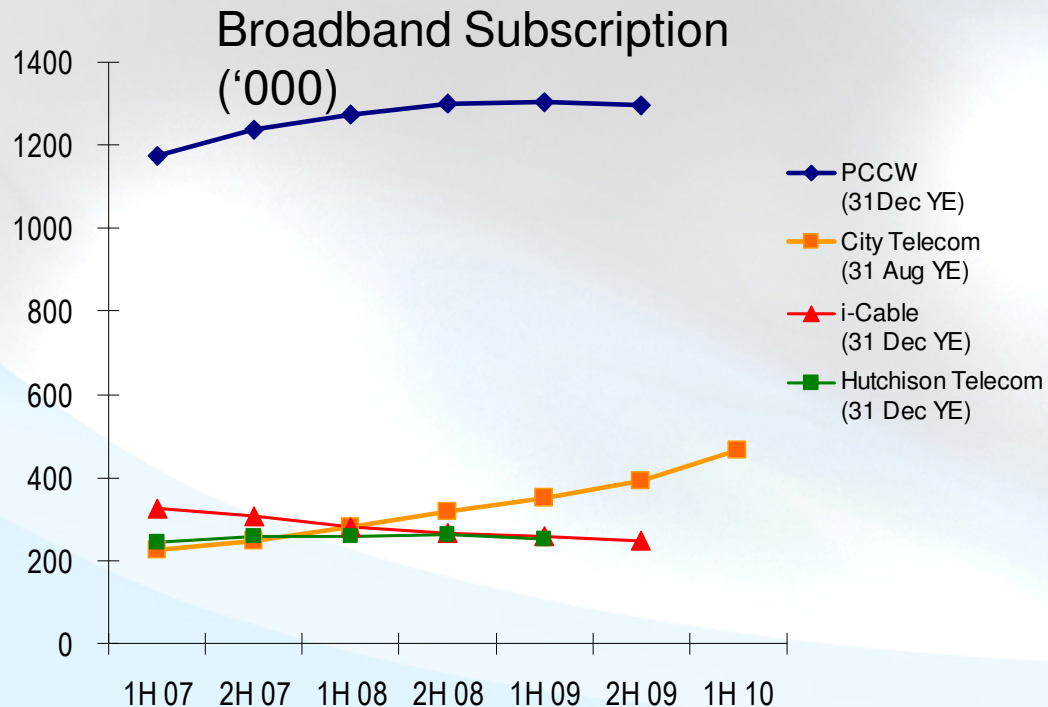




# The Results?



# Only operator to increase market share in the past 3 years.

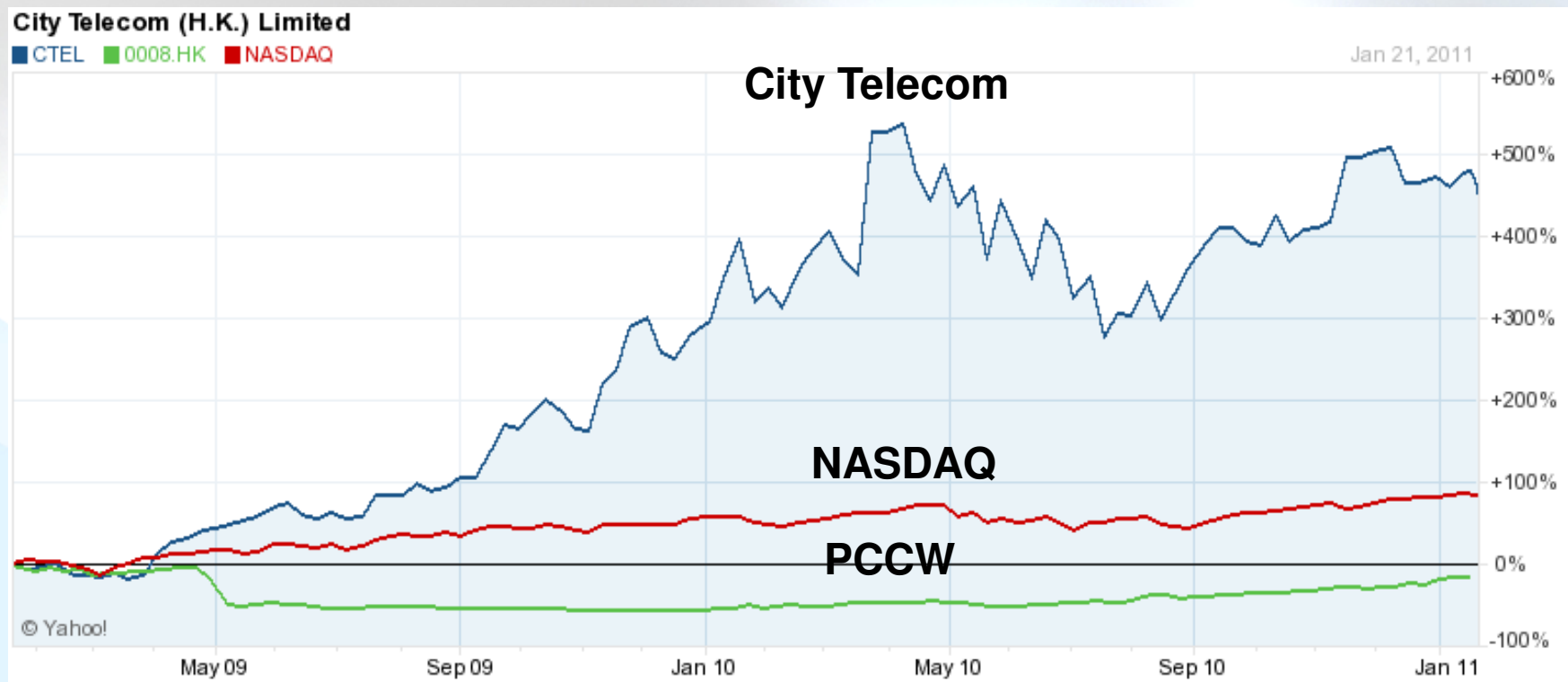


Source: PCCW, City Telecom, i-Cable and HTHK Interim and Annual Reports, JP Morgan's HTHK report "Hutchison Telecom Hong Kong Holdings Ltd" dated Aug 12, 2009

Note: PCCW reports "lines in service" rather than subscription. Hutchison Telecom Hong Kong no longer discloses broadband subscription as of Dec 31 2009.



# Happy Talents, Happy Shareholders





**... Our Future in  
15-20 years time?**

## Searching for my own Upgrade in 15-20 years time

- Management Trainee Program to Develop our future CEO, CFO, CTO etc in 15-20 years time.
- Requires - CFA Level 1, half marathon, 18 management books, etc.
- In 2010, we had 793 applicants from 117 universities and made 1 offer.





## **“CXO of the Future” 2010 Selection**



Watch it on youtube: <http://www.youtube.com/watch?v=-LNEwz9D8l0>

## Standing Out From Crowd of >1,000 Applicants



# Thank You!



## City Telecom Management Team, Germany, June 2010

3<sup>rd</sup> Row: Boris, Andy, David, Don, Partick, Dick, Ken, Cindy, Sam, Patrick, Jelly, Elvis, Andrew, Steven, Paul, Craig, Joe, Herman, Raymond, Lo Sir, Alex, Ryan, Kenneth, Trasan

2<sup>nd</sup> Row: Ivan, Rosanne, Alice, Mandy, Queenie, Yoyo, Maria, Elsa, Fantastine, Cindy, Ken, Annie, Shirley, Kennis, Mikron, Mike, Anthony, Daniel, Paul, Carrie, Joe, Amanda, Alice, Bonnie

1<sup>st</sup> Row: Jackson, Matthew, Elinor, Leo, Margaret, Ricky, Jessie, William, Earnest, Bing, NiQ, John, Charles, William, Ken, Henry, Tracy, Boris, Christy, Ben, June, Mimi

City Telecom Group