



Needed a new paradigmatic-shift in corporate governance

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From a hundred percent government monopoly operator, the newly enshrined, nepal telecom, has been now converted into a dominant operator in the field of telecom sector. Nepal telecom, now out of the monopoly era, is now focusing more on *Management and marketing issues* and less on *routine technical aspects*. Now, we are moving from a sellers market to a buyers market. With markets opening up, the dynamics are changing fast. we all agree that now we, the people of nepal telecom have to move to an accepted model/pattern of modern corporate governance. Here my aim of presenting this paper is to lay-down a way of thinking about the new concept of good corporate governance in the changed new scenario. The paper has tried to make a policy recommendation and suggest a roadmap for establishing the environment for good corporate governance in our company.

A broad out-line of the road-map

Our vision : to be comparable with international telecom operators, in near future.

Our goal : to achieve the above vision.

Our action : a new definition of our roles and responsibilities.

1) Good corporate governance:

Our company, nepal telecom, has adopted corporate governance structure designed to provide shareholders and investors and other stakeholders with confidence that the company's business is being conducted on a professional and responsible manner.

Fundamental elements of corporate governance:

- (i) have a board of an effective composition, size and commitment to adequately discharge its re-

sponsibilities and duties.

An effective board is one that facilitates the efficient discharge of the duties imposed by law on the directors and adds value in the context of the particular company's circumstances. This requires that the board be structured in a proper way.

- (ii) corporate performance is enhanced when there is a board with the appropriate competencies to enable it to discharge its mandate effectively.

The appointing authority should consider developing and implementing a plan for identifying, assessing and enhancing director competencies. They should also consider ways of enabling identification of the particular skills, experience and expertise that will best complement board effectiveness.

The corporate governance encompasses how an organization is managed, its corporate and other structures, its culture, its policies and strategies, and the ways in which it deals with its various stakeholders.

The governance has a very broad reach – going well beyond management. Good governance comprises management–control–supervision–accountability. Managing involves administrative, supervisory and facilitating tasks associated with on-going organizational operations. executives and managers administer and lead organizations through developing business strategies, and implementing and monitoring them on a day-to-day basis.

Boards and other governance structures deal with



overall organisation policy, direction and culture. They provide the 'tone at the top' which is essential for sound corporate governance. Whoever governs, exercises ultimate authority within the organization and is finally held accountable for overall organisational performance by stakeholders. In essence, those who govern, authorise what organisations do. Executives manage organisations by virtue of the authority delegated to them by those who govern (board of directors).

- * Public governance (the system of accountability to concerned ministry and in turn, parliament).
- * Corporate plans setting out corporate objectives and strategies.
- * Public sector and/or agency values.
- * Business planning.
- * Control structures including risk management
- * Performance assessment
- * Performance monitoring (including evaluation and review).

As per the global corporate practice, board –of –directors can establish a number of committees to facilitate the management control .

- (a) audit committees. Good corporate governance has had one very concrete resultant –the setting-up of different committees the audit and compensation –committee.
- (b) the finance committee.

Corporate governance is the system by which companies are directed and managed.

Good corporate governance helps to introduce good practice in corporate-behaviour with a view to rebuilding and maintaining public trust in companies. Good corporate governance will enhance the company's image. Good governance requires a holistic, integrated approach to implementing the fundamental elements of governance.

- * "Telecom. Sector –inflection-point for hyper-growth.

Inflection points reflect a departure from history, when the future changes at a different rate. Nepali telecom sector is standing at one such point.

Five years before		5 years after	
No. of lines:		No. of lines:	
PSTN	2.4 lakhs		6 lakhs
Mobile telephone	nil		14 lakhs
Sattelite telephone	nil		200 lines
CDMA/WLL	nil		10 lakhs
Revenue	Rs. 4.5billions		Rs.14.5 billions

Strengthening of MD's office

MD's Office should be strengthened & further

expanded. Important files and decision files be supplemented with case history notings which will greatly facilitate the MD to take correct and timely decisions as well as serve as a precedent for future reference and benchmarking .

The MD's office being a nerve center of the company should be well-equipped to aid the MD to discharge his duties effectively and efficiently. Sweeping corporate governance changes in the face of new challenges and opportunities is inevitable. Changes these days come faster and from more directions, than ever before. Timely and speedy decision-making- process has taken on greater importance in the new era of corporate governance changes.

Managing director needs a system to consciously look at the high level performance of the organization in order to spot trends and adjust as required to keep the organization on track. MD at the top of the organization must have the means to delve into the lower levels and those at the lower levels must be able to see what they are expected of to merge with in the pursuit of higher value.

In order to observe the efficiency and effectiveness of a system, *sensors must be placed strategically* throughout the system to provide data to a central point for integration, consolidation, & collaborative assessment. Using the *pareto principle*, important sensors should be placed in the MD's Office.

Being a good boss is very important in every organization. MD being the chief executive has the real opportunity *to set the tone for the entire company*. Md needs to define strategies & create organizational cultures that promote employee-commitment and productivity. *Modern MD* should encourage feedback, innovative ideas and creativity in the overall operations of our company. As a result of this, senior executives may be genuinely engaged in their area of function. MD need to create an environment of integrity, trust and respect to make absolutely certain that everyone is treated fairly, regardless of the differences they may have. It is essential to be inclusive, because that keeps everyone on the same page when it comes to the company's long-term goals. An effective md establishes a genuine business mission. *How, that takes shape depends both on the business and on the over-riding focus the MD wants to set*. Not only can a clear mission serve to motivate employees, it can also infuse a sense of importance in their jobs/ roles. The point to be made here is that there is something bigger than money.



Being the company's leader and being perceived as the leader are two different things. MD should be always in control.

Since the MD knows far more about the company than the board's outside directors and bosses its insiders, the senior executives of the company should align their efforts to achieve the MD's vision. "Company operations" being the main domain of the MD, he should have an ability to stay above detail, to think at the big-picture, and strategic level. Keeping in mind the above role of MD, DMDs should give periodic inputs/feedbacks to the MD.

Establishment of effective Company board secretariat

All company's have charters that dictate the by-laws they must follow. All companies are subject to the laws of company act, the government and the concerned ministry's directives, and must adhere to certain international accounting principles and practices.

All companies must have a board of directors, but their periphery of functions and responsibilities are not specified anywhere. A company and its board have a great deal of freedom and latitude in how they may operate.

The decisions of the board should be implemented immediately and effectively but in our case many important past policy decisions are still pending without being implemented.

The main job of a board is "making things happen." It used to be that board members got all their information from the MD/ the chief executive officer. Now members are making direct contact with key corporate officers. With this change comes the need for new rules of communication. Major forces of changes are affecting management in corporate world. Views about what constitutes accepted corporate governance practices are constantly evolving. Now the board of directors must respond to the new realities and challenges. They should take their responsibilities seriously and should exercise their authority judiciously.

Improving board effectiveness

The board's key purpose is to ensure the company's prosperity by collectively directing the company's affairs, whilst meeting the appropriate interests of its shareholders and stakeholders. The objects of the company are defined in *the memorandum of association* and regulations are laid out in the *articles of association*. In modern time, investors, government officials, journalists, as well as general public, are all the more critical of our system of cor-

porate governance and particularly *what transpires in nepali board rooms*.

Role of the company secretary

The company secretary plays an important role in supporting the effectiveness of the board by monitoring that board policy and procedures are followed, and co-coordinating the completion and dispatch of board agenda and briefing materials. The company secretary should be accountable to the board, through the MD/ chairperson, on all governance matters.

Set-up of a commercial/marketing department

New focus on customer care

Customer care is a customer service that seeks to acquire new customers, provide superior customer satisfaction, and build customer loyalty. A customer care system is a customer service system that helps telecommunications service providers acquire and retain loyal customers. The customer care system provides many means for service providers to achieve these goals with the help of technology.

With the deregulation of telecommunications services, consumers now have more choice in selecting a service provider. When ordering a new service or maintaining an existing service, consumers should take into account the following three key factors:

- * The quality of the service,
- * The price of the service and
- * The customer service of the service provider.

The requirements of a customer care system are ultimately determined by consumers, and all of us are consumers in one way or the other. Rapid advances in the computer industry present an opportunity for telecommunications service providers in terms of both cost reduction and sales increases. Nepal telecom, strongly believe that customer satisfaction is the key to its success. Hence, it has to synergise all its energy to total customer satisfaction by modernizing the services to international level and incorporating the state-of-the-art technologies.

Characteristics of a successful company

- * We have to analyze the factors that help good companies become great. Companies who have taken a leap forward from being mediocre to becoming excellent and have managed to sustain such performance undergo a process that can be divided into three stages—disciplined people, disciplined thought, and disciplined action.
- * A successful company is characterised by a forward-looking approach.



- * They are void of deep-rooted traditional management practices.
- * A successful company invents new business-models to execute its jobs and to sell its services.
- * Full of competent managers who are dedicated and committed to the duties assigned and with vision and strategic orientation having often led to right and relevant decisions being made.
- * The traditional management approach of formulating plans and making decisions by the top management has given way to bottom-up approach-the participative decision-making approach.
- * Successful company establishes a sound management information system by adopting latest available to increase efficiency of the company.
- * Excellence is never achieved in one giant step but emerges in one small step at a time.
- * Fight for transparency in management decisions and always worry about every paisa that is invested in the company.
- * The results of many research have shown that a growing company is associated with the existing internal strategic systems that support the company's growth ambitions, allows to make not only good business decisions and to monitor how well the company is doing against its strategy, but also to do so speedily.
- * Studies have shown that good management raises productivity.
- * The company believes in the concept of fair-profits-the principle of managing costs & providing superior service to protect margins.
- * Today's perceptive consumer is cash-rich but time-poor and has a reasonable idea of how much things cost in today's world. Only a company that pays its employees well, keep its shareholders happy, *invest decently in future growth* and make a justifiable profit, would prosper.
- * Only in the overall development of the company our future hinges.
- * We need to develop competitiveness in all directions.

Periodic improvement in our working procedures, decision-making styles/processes:

- * **Introduction of short memo-System :** Routine decisions can be sanctioned directly through the memo by senior executives. A copy of decision-notes can be sent to concerned units/departments for their perusal and retention..

- * Meetings cannot be held without written agenda. Participants should come with their written inputs. Those participants who do not seem to contribute or having no useful inputs should be avoided.
 - * Most companies today face organisational impediments to effective execution. Execution is a widespread problem that appears to worsen as companies grow.
 - * **Managing for improved corporate-performance:** Generating great performance requires a more dynamic approach to building and adapting a company's capabilities than merely squeezing its operations. It is good to take risks—if we can manage them well.
 - * For the company as a whole, macro progress comes from hard work at the ground level. It is a real grass-root-movement, many small changes. Or kaizen, the Japanese way, adding up to produce the radical progress.
 - * Our companies' footsteps are determined by our working style.
 - * We can not sit back and bask in our past glory. To thrive in the modern ruthless market, we will have to rethink everything that we do, every step that we take.
- Various management information systems should be designed .
- Operational plans
 - Capital budgets
 - Revenue budgets
 - Productivity based performance appraisals

Managerial frames and decision-making

Frames simplify issues. Senior executives have to make scenario planning to avoid any sort of uncertainty with the proper action plan to be followed in the future.

Frames make things simpler and help focus our attention on the issues deemed to be most relevant. This helps in coming to quick decisions more efficiently by the avoidance of widely dispersed attention.

Senior managers while reframing requires the willingness and ability to live with discomfort for a while. They must seek out opposing, divergent views, and instead of considering them as criticisms, use them constructively for reframing. Since complex issues cannot be tackled through a single frame, senior managers must ensure that the frames used in such cases are appropriate and robust. Complex decisions should be evaluated using a variety of alternative frames.



The list could go on, however, if the MD of our company is serious enough, about the steps to be taken in near future, will be a positive change in the company results.

The right MD can make or break a company. MD should be willing to make decisions that are the need of the hour no matter how difficult they may be. Great MD is he who sense the need for change before most others do in his organization and *devote all his energies to making that change happen*. There arises time when it becomes inevitable for the MD *to go against the current* in the company. A good MD is then one who *takes a holistic view towards* all issues, does not relent to rigid company ideologies and takes decisions that are in the long term interest of the company.

Crucial role of DMDs/senior directors

DMDs can play an important link role between senior managers/unit heads/directors and MD/board of directors. Senior DMDs are the principal decision makers of the company and, consequently, their actions and perceptions are the fundamental cause of organizational failure.

A shared definition of leadership : We need a unified concept of leadership around which to rally. We should learn to work as part of a team. We should master the skills required to be able to work in teams. we should avoid to be very individualistic. We should put a premium on team achievement or organizational effectiveness. Individual stars are very fine but, by themselves, they can not create the brilliance of a galaxy.

DMDs at the helm

DMDs should stop behaving like unit heads only. DMDs being the core senior executives should focus more on strategies/policy decisions, and establishing objectives and priorities for the units/departments they are heading keeping into consideration the organization's capacities & the managerial capacities of the managers working under them.

Some DMDs have difficulty in adjusting to their new found roles in a high-involvement system. They may still cling to theory-x beliefs and assumptions, they may fear losing their former status as key decision makers, or they may be concerned that they will have less power and control than previously.

DMDs should *adopt stewardship* paradigm which will shift their emphasis from direction and control to that of *servant leadership*, where their challenge is to help managers/unit heads attain relevant goals while developing their skills and abilities.

DMDs should work as the guide and adviser to the MD.

To perform as the guide and advisor to the MD, senior DMDs should meet formally at least once in a *week under the leadership of MD*.

DMD level should engage themselves in policy matters, strategic decisions, and over all supervision/monitoring of the major decisions/implementations. The main challenge for the DMDs lies in identifying competent and responsible managers, delegating tasks to them & empowering them to do the right thing in their own ways. Being a competent and responsible DMD is tough. There are heavy demands on their attention, their decision-making capacities, their authority, their time. It easy to fail. Being an effective and efficient DMD is very important in any department. A DMD really has the opportunity to set the tone for the entire unit / department he has been commanding and in effect, its results / successes percolates to *the whole company-wide periphery*.

Active and fruitful participation in senior management committee deliberations should be ensured. DMDs should focus more on strategic/policy decisions. Establishing objectives and priorities for the company (on the basis of forecasts of the external environment and the organization's capacities). Their immediate priorities should be to enhance management capacity at their levels because that is where the operational focus will be.

"Management is the accomplishment of results through the efforts of other people." Senior executives should be increasingly involved in the strategic management at the corporate level. Strategic control comprises systematic monitoring at strategic control points as well as modifying the organization's strategy on the basis of this evaluation. Strategic plans require strategic control.

DMDs should make efforts to discover how to tap the unrealized potential present in their managers.

DMDs need more conceptual, analytical, and decision-making skills.

DMDs should concentrate on *Management policies (a plan of actions)*. Management policies are developed by the company to keep it on course headed and directed toward its organizational objectives. These define the intentions of the organization and serve as guide lines to give consistency and continuity to total operations. They provide a base for management by principle as contrasted with management by expediency. Policies not only establish goals;



they also form the basis of controls and procedures (so that managers are restricted from taking undesirable actions or from mishandling situations).

Policy generation is a complex process, calling for the help of experts.

Increasingly, a few of the of senior DMDs working as a core group is essential to the success of the company. merely bringing in a new set of management consultants to reshape an organization has mixed results. In reality long-term success depends on the whole leadership team, for it has a broader and deeper reach into the organization than the outside consultants only and its performance has a multiplier-effect.

Creative thinking affects bottomline positively

Top executives should not get bogged down in details and overlook the big picture. the top management should challenge themselves and their employees by creating alternatives via creative thinking. The crux of lateral thinking is starting with an idea, drawing directions from an idea, which in turn give us the concept. This process gives us alternatives. "just generating idea is not enough. One has to take the idea through by believing in it, by taking its ownership, taking criticism with a pinch of salt." If you depend on the support of your peers for the validity of your ideas, you are unlikely to carry forward your ideas.

Periodic reviews of operational plans devised by the managers should be done by DMDs.

Reviewing and controlling performance of the managers and their subordinates.

Recognition of shadow MD

A shadow MD is a person in accordance with whose directions or instances the senior executives of the company are accustomed to act.

Managers should be further empowered and strengthened

The main domain of managers should be devising operational plans to achieve the objectives of the company (to achieve the objectives entrusted to them via the unit / department).

The capacity of the organization is embodied primarily in its managers and their skills and knowledge. empowerment of managers has to be done to make them realize that they are at the nucleus contributing to the organization's success, rather than at the periphery.

New policy initiatives 2004-2010, New initiatives should be taken:

- (i) Strategic investments should be encouraged.
- (ii) Proper utilization of fund. As the higher amount of surplus-fund becomes available with the company, it entails a greater degree of responsibility on the shoulders of senior managers.
- (iii) Out-sourcing – cuts labour costs, allows company to sell services more cheaply or at a greater profit. That means more money *to buy equipments, build facilities and conduct operations efficiently.* learning to take care of the details.
As the helicopter view ---
To take the broad view ---
A top down approach ---

The best perspective has to be backed-up by action on the ground, and this requires getting down to the nitty-gritty. One arrives at a strategy only after having paid meticulous attention to the minutest details. And this is required because without delving into details, a strategy can be fundamentally flawed.

New systems

Gaps in communication and systems would promote the collapse of corporate governance. Through an exhaustive business process reengineering exercise (BPR), nepal telecom intends to identify and eliminate loopholes in systems, services and process & promote cost-effective, open channels of communication and greater individual accountability within the company. By keeping costs low, increasing volumes and ultimately, by delivering better services, the price benefit would also reach the consumer. This in turn would generate loyalty for nepal telecom and ultimately benefit the shareholders.

The BPR exercise will be instrumental in laying down the foundation for the company's reforms. BPR will improve communication, reduced costs, reduced response time, improved company performance and will send the stocks soaring ! It will formalize everyday transactional tasks, enable faster and more open communications and generally pave the way for better, more controlled corporate governance.

Many paper works can be reduced.

It may play a very major role in the company's strategy. The company can network all its offices (lan & wan). This can prove to be a big boon in decision-making. The electric communication would grow tremendously thereby saving the cost of communication through other modes. The company's mail system can be completely integrated with the internet, thus bring-



ing suppliers and customers closer to each other. The modern software is able to provide the company on-line data for analysis. The on-line internet access to key staff members improve their response time. The company also can establish 24*7 call centers with a toll-free number to improve service levels.

The company can perform well by introducing many timely reforms. We operate in the service industry, where human interaction is of utmost importance. Obviously, therefore, human values such as honesty, loyalty and good inter-personal relations become very important.

Coping with the changing times

Various management information systems including operating and capital budgets, periodic accounts, different sectoral reports, statistical reporting systems,

Productivity-based performance appraisals, services evaluation and role of the top management in making decisions and in measuring progress towards objectives.

Performance indicators

Our new model / process should represent a major shift from traditional management with far greater attention paid to the achievement of results and the personal responsibility of managers. Organisational objectives are to be set clearly and this enables measurement of the achievements through performance indicators. There should be systematic evaluation of programmes. Driving these are the "virtuous three es": *Economy –efficiency and effectiveness.*

Quarterly work-plan and achievements

- * Managers should focus changes from process to results.
- * Managers should differentiate steering from rowing.
- * In line with the new trend, managers should encourage outsourcing of the subsidiary/allied functions. Core areas/functions should be the main domain of our management.
- * Manager should be given more responsibility/accountability for completion of the jobs/projects. We at nepal telecom should develop and use our own tools to boost system efficiency and optimum utilization of resources.
- * We can fix some standard methods/process to fix the problems--for example-

To find out defect/problem – how much time is required ?

To prescribe an immediate solution – how much time is re-

quired ?

To identify the real problem – how much time is required ?

To address the issue – how much time is required ?

By giving tremendous importance to maximization of shareholder value, corporate governance insist on good management practices and profitability.

The company's code of corporate governance may read as follows:

- (i) To ensure the adequate control systems exist to enable the board in effectively discharging its responsibilities to the stakeholders of the company.
- (ii) To ensure that the decision-making process is fair and transparent.
- (iii) To ensure the fullest communication of the management and the board to maximization of shareholder value. To ensure that the employees of the company subscriber to the corporate values and apply them in their conduct.
- (iv) To ensure that the company follows globally recognized corporate governance practices.

Facilitating corporate governance

Making nepal telecom subscribe to the principles of corporate governance require investments in the following areas—

- * The individual's sense of values. For values to permeate the organization, each individual has to internalize it first. The vision and the mission has to be clearly outlined and each employee has to be told what is expected of him. Nepal telecom can do through the 'cycle of success' workshops, during which the top management can outline its vision and mission and formulate a service delivery strategy.
- * Social values of business. Being a value-based organization is something that all companies aspire for.
- * New systems.

Nepal telecom towards better governance

Corporate governance as a strategic tool at nepal telecom is getting attention gradually.

Our company now being a dominant operator in telecom sector has to face stiff competition from other competitors.

Our company is not geared to handle the changed scenario. Currently engaged consultants may help map the future course of our company. After study, they will recommend some new way-outs.



But in-between—we may proceed as follows—
MD can provide the required management depth and devise a strategy to tackle competition.

MD with different driving skills, who can negotiate effectively with different stakeholders and take risks.

From the corporate governance perspective, the company needs to pass the three-way test for ethics.

- (i) In the decision you are taking legal? If not, then it is not ethical.
- (ii) Is the decision you are taking fair? In other words, it should be a win-win situation for both the parties in to an agreement or if it is of general policy or a multi-level agreement, there should be a equal risk and reward to all concerned. If it is not fair, then it is not ethical.
- (iii) The third decision is the commandment test. If the decision you are taking is such that if it is known in the public through the media, will you feel ashamed? If you are feeling ashamed, then it is not an ethical decision.

Organisational DNA Profile

Key findings:

- (i) Most organizations are unhealthy.
- (ii) Organizational DNA changes as companies grow.
- (iii) Altitude determines attitude.
- (iv) Non-executives feel micromanaged.
- (v) Decision rights are unclear.
- (vi) What we have here is a failure to execute.

"Execution" has become the new watchword in board rooms around the globe, as CEOs and directors watch sound strategies fail at the hands of organizations that cannot or will not effectively implement them. The ability to execute is not something you can recruit or mandate. It is inherently-embedded in the management processes, relationships, measurements, and beliefs that constitute an organization's DNA, like the DNA of living organisms, the DNA of living organizations consists of four building blocks, which combine and recombine to express distinct identities, or personalities. These organizational building-blocks---decision rights, information, motivators, and structure---largely determine how a firm looks and behaves, internally and externally. Unlike humans and other organisms, however, organizations have the ability to change their DNA by adjusting and adapting these building blocks.

Others factors to be taken

Initiative for reforms/improvisations:

(a) The senior-management committee meetings should be focused on aiding the top management for making long-term policy/strategic-decisions for the overall betterment of nepal telecom. Strategic decision-making should be the prominent task of the senior-management.

(b) a policy document—a comprehensive policy document in short should be formulated to guide all levels of employees. Goal-oriented action— plans and programmes should be chalked-out.

MD should take the policy initiatives and the rest will follow automatically. Formulate the section plans based on the policy guidelines and show clearly what effects it will have on the overall performance of the company.

As an example, we can adopt the following slogan to give a new direction to the employees—"Work a Little harder, work at least 5- hours a day." Our companies' footsteps are determined by our working-styles.

(c) modern financial accounting software packages are to be urgently accommodated to be more competitive and cost-effective.

(d) the communication/reporting process should be modified to be faster and effective. Standard structured review mechanism of specific subjects and of specific importance on a monthly basis should be adopted.

(e) regional and other directorates should be made strategic business units/profit centers and they should be made accountable for the results.

Great companies in the future will be those that have purged themselves of the overmanaged and the underled.

Alignment, empowerment, learning and reflective culture are the three vital elements that would characterize the successful company of future. What will set a truly visionary company apart in the twenty first century is in creating alignment to preserve a company's core values, to reinforce its purpose and to stimulate continued progress. Company has to be re-designed holistically.

Creating alignment is a two-part process. First-identifying and correcting misalignments. Second-creating new alignments.

Here the leader must distinguish between values, practices, and strategies, core values are timeless and enduring, while practices and strategies keep changing. "Preserve the best, reinvent the rest."

It requires vigilance, discipline and commitment



from leaders to keep the company truly aligned with its core values.

Empowerment of all involved has to be done to make them realize that they are at the nucleus contributing to the organization's success, rather than at the periphery. Leadership for the twenty-first century demands that companies forge a different relationship with competition, with the market, with society and by extension with their employees. Companies will have to accommodate the shift of power from top-level management to knowledge workers.

Appreciative inquiry is a strategy for purposeful change that identifies the best of "what is" to pursue dreams and possibilities of "what could be". It is a co-operative search for the strengths, passions and life-giving forces that are found within every system—those factors that hold the potential for inspired, positive change. Appreciative inquiry is a way of seeing that is selectively attentive to—and affirming of—the best and highest qualities in a system, a situation or

another human being. It involves an appreciation for the mystery of being and a reverence for life.

Good corporate governance is generally understood to encompass how an organization is managed, its corporate and the other structure, its policies and strategies, and the ways in which it deals with its various stakeholders.

Effective governance makes management accountable to its many stakeholders, through appropriate management structures, reporting requirements, wanted structures and the many other elements of corporate governance.

The above mentioned points and issues are not the final and complete guidance— it is offered as guidance only in the sense that an corporate governance regime must be sufficiently flexible to cope with a constantly changing environment. Just as a healthy and robust business environment evolves with circumstances, so too must any guidelines for corporate governance best practice.

Dissatisfied Customers Are GOLD

Debra J. Schmidt

In every business, mistakes happen and customers get angry. But when a problem is fixed properly and stays fixed...customer loyalty actually increases! Here are five steps you can take to not only resolve the problem but actually build loyalty:

- * LISTEN carefully to your customer. You need to stop everything you are doing and give your customer 100% of your attention. Active listening requires a lot of effort and cannot be accomplished when we are distracted.
- * EMPATHIZE with your customer's concerns. Let him know that you sincerely care about his problem even if you don't agree with his comments.
- * APOLOGIZE even if you are not the cause of the problem. When said sincerely, the words "I'm sorry" can diffuse as much as 95% of most people's anger.
- * RESOLVE the problem. Let the customer know you are on his side and will do everything you can to help him get the problem resolved. If only an employee in another department can fix it, help make the transition smooth so the customer doesn't have to tell his story more than once.
- * NOW is the time to address the problem. The faster a mistake is fixed, the more likely it is that the customer will give your company another chance.

The best way to handle a situation in which the customer is angry or upset is to remember the acronym LEARN and apply the five steps listed above. Then feel great about the positive difference you made in that person's day!

10 Ways to Build Customer Loyalty

- (i) Take ownership of your customer's problem—even if you are not the cause of it.
- (ii) Follow up with every customer who was upset or had a difficult problem.
- (iii) Ask yourself with every customer interaction you have, "If this were me, what would I want?"
- (iv) Thank your customers and co-workers every chance you get!
- (v) Fax articles or other materials to your customers if you think they can benefit from the information.
- (vi) Remember personal details about your customers such as birthdays, children's names and accomplishments.
- (vii) SMILE every time you are on the telephone and in-front of customer.
- (viii) Look for ways to bend the rules and remove service obstacles.
- (ix) Time is a person's most precious commodity. Respect your customer's time and schedule.
- (x) Provide your customers with respect, friendliness and knowledge...and, oh yes, the products and services you sell.