



# The Agenda for Change in the Rural Banking Sector

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Rural Bankers Association of the Philippines**  
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**Good afternoon!!!**



# We need ideas!



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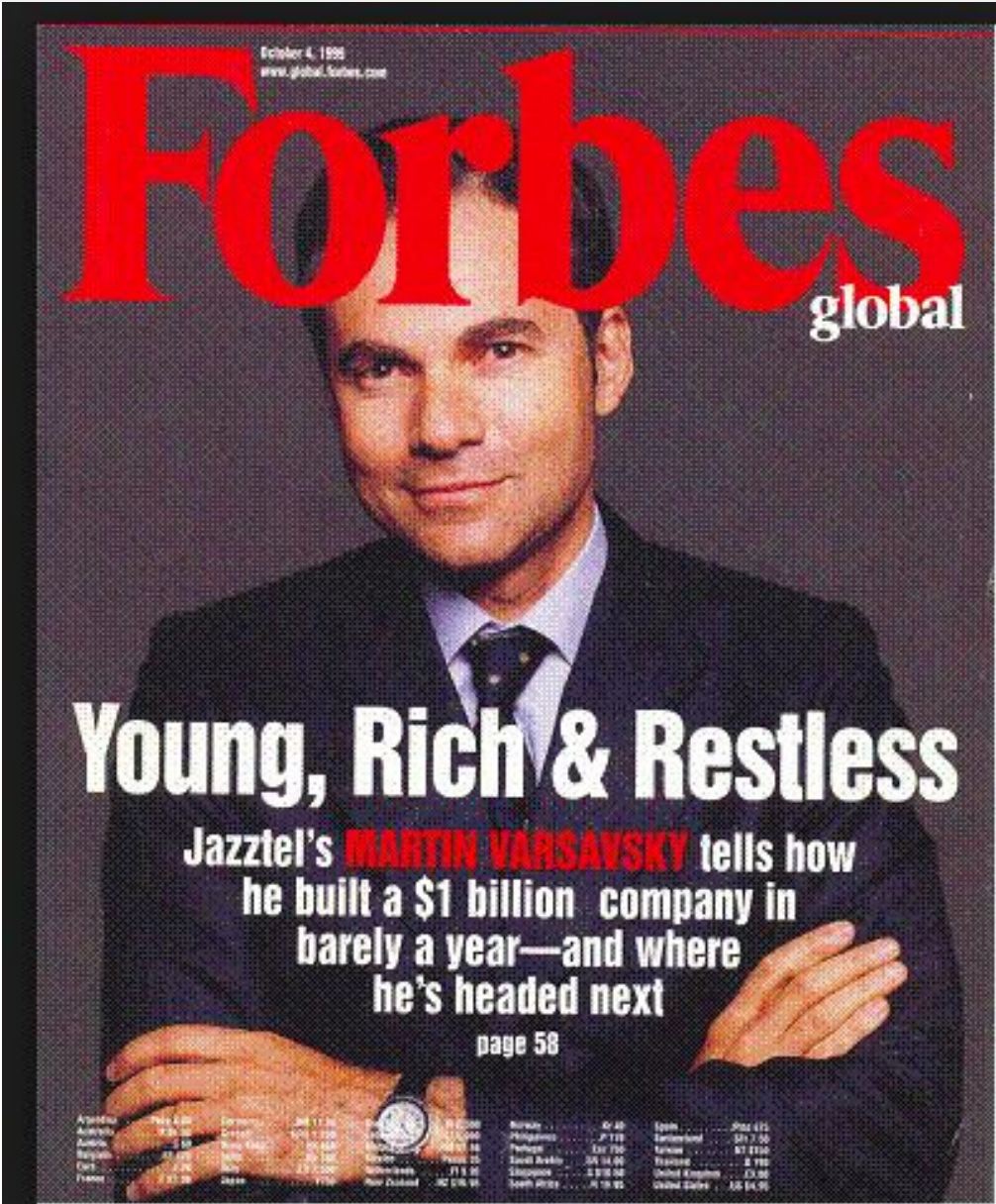


# Let me tell you a story ...

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# Jazztel: Founded in 1997





# Jazztel: Competition

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***Telefónica***

# Jazztel: The End of the Line?

Table 5 – EBIDTDA of Selected Wireline Operators

EBIDTA (millions of euros)	1998	1999	2000	2001	2002	2003	Total 1989-2003	M Share 2003
Jazztel	-6.1	-135.7	-163.3	-90.6	-40.5	-6.9	-443.0	n/a
Auna Telecom	n/a	n/a	n/a	-100.0	-40.0	124.0	-16.0	8.9%
Uni2	n/a	-98.3	-95.5	-81.5	8.0	n/a	-267.2	4.1%
Ono	-9.0	-30.2	-55.8	-57.4	15.8	102.1	-34.5	2.1%
BT Ignite	-17.1	-29.5	-65.5	-54.3	-31.5	n/a	-197.8	n/a
Euskaltel	0.0	-23.1	-37.3	0.9	5.7	n/a	-53.9	n/a
Colt Telecom	-2.4	-5.6	0	5.6	14.8	19	31.4	n/a
Comunitel	n/a	0.1	-7.2	-3.1	13.0	5.7	8.6	1.3%
Telefónica	0,0	4,496.8	4,453.9	4,485.3	4,496.7	4,534.0	22,466.7	77.2%

Source: CMT.

# Jazztel: Who you gonna call?





# Jazztel 2014: How Did He Do It?



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## Orange Offers to Acquire Jazztel of Spain for \$4.4 Billion

# Kotter's 8-Stage Process of Creating Major Change

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## 1. Establish a Sense of Urgency

- Market and competitive realities
- Identifying and discussing crises, potential crises or major opportunities

Source: *Leading Change*, John P. Kotter

# Kotter's 8-Stage Process of Creating Major Change

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## 2. Creating the Guiding Coalition

- Put together a group with enough power to lead the change
- Get the group to work together as a team

Source: *Leading Change*, John P. Kotter

# Jazztel's Board

## BOARD OF DIRECTORS



1



5



6



4



7



3



2



8



# Kotter's 8-Stage Process of Creating Major Change

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## 3. Developing a Vision and Strategy

- Create a vision to help direct the change effort
- Develop strategies to achieve that vision

Source: *Leading Change*, John P. Kotter

# Kotter's 8-Stage Process of Creating Major Change

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## 4. Communicating the Change Vision

- Use every vehicle possible to constantly communicate the new vision and strategies
- Having the guiding coalition model expected behaviors

Source: *Leading Change*, John P. Kotter

# Kotter's 8-Stage Process of Creating Major Change

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## 5. Empowering Broad-based Action

- Get rid of obstacles
- Change systems and structures that undermine the change vision
- Encourage risk-taking and nontraditional ideas, activities and actions

Source: *Leading Change*, John P. Kotter

# Kotter's 8-Stage Process of Creating Major Change

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## 6. Generating Short-Term Wins

- Planning for visible improvements
- Creating the wins
- Visibly recognizing and rewarding people who made wins possible

Source: *Leading Change*, John P. Kotter



# Kotter's 8-Stage Process of Creating Major Change

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## 7. Consolidating Gains and Producing More Change

- Change all systems, structures and policies that don't fit the vision
- Hire/promote/develop people who can implement the change vision
- Reinvigorate the process with new projects, themes and change agents

# Kotter's 8-Stage Process of Creating Major Change

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## 8. Anchoring New Approaches in the Culture

- Create better performance through customer- and productivity-oriented behavior
- Articulate connections between new behaviors and organizational success
- Ensure leadership and succession

Source: *Leading Change*, John P. Kotter

# Jazztel: Why Orange Bought It

## Jazztel is an attractive asset



revenues

FY'13

1.0  
€ bn

+15%  
yoy

EBITDA

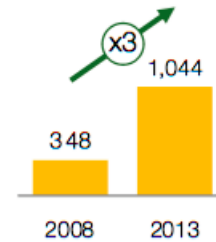
FY'13

0.2  
€bn

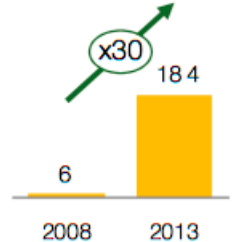
+7%  
yoy

18%  
of rev.

revenues (€m)



EBITDA (€m)



mobile customers

end of H1 2014

1.5  
millions

+93%  
yoy

MVNO on  
Orange network

broadband customers

end of H1 2014

1.5  
millions

+8%  
yoy

74%  
convergent

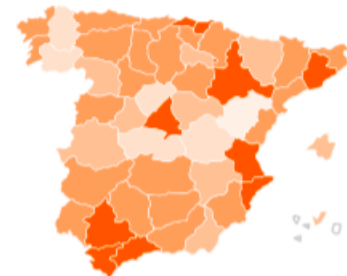
FTTH deployment



2.2m homes passed



60k FTTH customer base



Coverage:

- more than 80%
- 70% - 80%
- 50% - 70%
- 40% - 50%
- 25% - 40%

Founded by Dr. Jesus P. Estanislao in 1999, the Institute of Corporate Directors is dedicated to elevating Philippine corporate directorship to world class standards.

We are the acknowledged corporate governance advocate in the Philippines, providing thought leadership on corporate governance.





# The Thought Leader in Philippine CG

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- Recognized by the SEC, the BSP, the Insurance Commission and the GCG
- Recently admitted as a member of the Global Network of Director Institutes
- Work with international CG bodies such as the IFC, the ADB, the OECD, the ICGN and the ASEAN Capital Markets Forum.

# ICD Programs

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## Governance Orientation

- Corporate Governance Orientation Program (CGOP)
- CGOP for GOCCs

## Masters Class

- Professional Directors Program (PDP)

## Special Courses

- Distinguished Corporate Governance Speaker Series
- Corporate Secretaries
- Family-Owned Controlled Corporations
- Audit

## Board Services

- Board Performance Evaluation
- Board Protocol and Design
- Strategy Execution Pathway
  - Corporate Board Retreat

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- Shape the national CG agenda
- Participate in ICD's corporate training programs
- Discounts for ICD events
- Use of the Fellows' Room
- Free attendance to ICD events
- Inclusion in the list of members recommended by ICD to corporate boards upon request  
(Fellows and Graduate Members only)







**ICD**

**Institute of  
Corporate  
Directors**

**Thank you!**