

# Doing More with Less: Creating Innovative Corporate Governance Products When Resources Are Scarce

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*Following a successful first phase of improving corporate governance practices in Azerbaijan, the Azerbaijan Corporate Governance Project noticed that ever more clients in the market were interested in our corporate governance advisory services. We faced a significant challenge, however, having lost a number of staff members and being unable to replace them due to limited hiring policies. At the same time, demand was growing to develop more sophisticated products, as many market players were already aware of the basics of corporate governance. This SmartLesson describes the experience of the project team in providing innovative corporate governance products with limited resources.*

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## BACKGROUND

The Azerbaijan Corporate Governance Project was launched in 2005 with the purpose of improving the corporate governance practices of Azerbaijani joint-stock companies and banks, thereby helping them gain easier access to capital. To accomplish this goal, the project partners with companies and banks to further improve their corporate governance practices and minimize their portfolio risk, and strengthens the capacity of educational institutions to provide corporate governance training. The project also works with the government of Azerbaijan to improve the regulatory environment governing corporate governance issues, increase public awareness of corporate governance issues, and strengthen the media's capacity to cover these issues by training them in corporate governance.

During Phase 1, we helped 336 different companies improve their corporate governance, and project clients attracted \$17.9 million in investment due to improved corporate governance practices. The project also developed a model university corporate governance course that was adopted by five Azerbaijani institutions and subsequently exported to other IFC corporate governance projects.

Based on the project's solid success and growing demand for corporate governance in the country, the second phase was launched in 2007, with the added objective of assisting banks and investors in assessing and improving their client and investee corporate governance practices.

Despite staff shortages, we needed to maintain the same level and quality of service, while delivering more sophisticated corporate governance products. Here are some lessons learned from recent experience that contributed to the more efficient delivery of Azerbaijan Corporate Governance Project services in a climate of scarce resources.

## LESSONS LEARNED

*1) When developing a product, consider whether it could be of interest to other project clients.*

For example, the idea to raise journalists' awareness of financial crisis issues emerged on an airplane as project team members, coming back from a corporate governance network meeting in Krakow, were brainstorming and discussing the financial crisis and its relation to corporate governance. As a result, we developed a training workshop, including case

studies, called “Corporate Governance as a Response to the Financial Crisis,” and delivered it to local business journalists a month later. Through this training, the project received extensive media coverage. Because we also work with educational institutions to help develop corporate governance curricula, we thought of approaching them to ask if they would be interested in a seminar on this topic. Several educational institutions expressed strong interest, and the following month we organized and delivered the same presentation for educational institutions, resulting in the topic’s incorporation into two of the educational institutions’ curricula.

*2) Think of ways one product developed for one group of clients (meeting one project objective) could be tailored to meet other client groups’ needs.*

Product development did not stop there. After the local media published various articles on the topic following the media training, a number of project clients approached IFC with questions about corporate governance and the financial crisis and requests to share materials. The banking sector was particularly interested in the causes of the financial crisis, the role of boards, and what boards should do to mitigate the consequences of the crisis. Considering the strong interest, the project further elaborated on the topic, included more case studies, and organized roundtables for bankers. We also delivered a roundtable discussing the same topic in the framework of our roundtables for lawyers, which we hold regularly. The interest was so broad that this roundtable was attended by lawyers of the central bank and the State Securities Commission. Because a number of institutional investors also expressed interest in this topic, we further developed the materials by expanding the case studies, including specific advice on how to assess and address risks. We delivered the materials to local investors as part of an effort to improve their knowledge of corporate governance practices. In addition, as part of IFC’s internal intercountry knowledge sharing, the China

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**EXAMPLE 1:  
DOING MORE WITH LESS**

**LESSON 1**

<b>Product 1</b>	<b>Target Audience</b>
Presentation on corporate governance and the financial crisis	1. Journalists 2. Educational institutions

**LESSON 2**

<b>Product 2</b>	<b>Target Audience</b>
More in-depth module on corporate governance and the financial crisis	3. Bankers 4. Lawyers 5. Investors 6. Regulators

<b>Product 3</b>	<b>Target Audience</b>
Article on the financial crisis	All

## EXAMPLE 2: DOING MORE WITH LESS

### LESSON 1

Product 1	Target Audience
Screening tool	1. Local investor 2. Other investors

### LESSON 2

Product 2	Target Audience
Training module on the screening tool	3. Educational institutions 4. Mass media

Corporate Governance Project asked us to deliver the presentation to its clients and students of the Business School of Nankai University in Tianjin, China.

In another example, the project developed a corporate governance screening tool for investors to provide them with easy-to-use guidelines for assessing the corporate governance practices of their potential investee companies. After developing the screening tool, we realized that it could be useful for other groups that had requested more advanced training for practical applications of corporate governance. The project therefore is developing a training model, based on the screening tool, for educational institutions so that they can demonstrate to students a practical use of corporate governance in the workplace. A media seminar on how investors evaluate corporate governance is also being developed for business journalists.

Many products that are specific at first glance could creatively be restructured, elaborated upon, redesigned, and developed into products that would be interesting for other audiences. This approach is especially effective as it requires less effort and time—which is relevant, considering the limited staffing and

resources—and at the same time it yields good results and has a favorable impact on the project's work.

3) *When developing a product, seek input from your clients.*

Because many of our services are delivered to local businesses, it is always useful to consider the clients' input. Our experience has shown that incorporating clients' opinions is useful because it not only helps to adapt the tools and content to local realities, but also because it helps effectively develop products with less time and limited staff resources.

## EXAMPLE 3: DOING MORE WITH LESS

### LESSON 1

Product 1	Target Audience
Presentation on the transformation from limited liability company to joint stock company	1. Lawyers

LAWYERS' INPUT

LESSON 3

### LESSON 2

Product 2	Target Audience
Training module on transformation from limited liability company to joint stock company	2. Enterprises

### Product 3

Product 3	Target Audience
Article on transformation from limited liability company to joint stock company	All

A specific example relates to the development of model documents for clients. During the years of its existence, the project has prepared a number of model corporate documents, including a model charter and other corporate bylaws for companies. As the project's work intensified with financial-sector companies, including banks and insurance companies, there was a growing demand for model documents for these sectors. Using previous models and based on client feedback received at meetings and through correspondence, the project has further developed model documents in three packages tailored for the needs of banks, insurance companies, and other joint stock companies, respectively. For example, the insurance companies commented on provisions related to the duties of directors in bylaws and model charters. These comments were subsequently incorporated in the model documents for that sector.

The model documents were distributed to the respective clients for preliminary review and, on receipt of their comments, the drafts were finalized. The in-house counsels and other relevant personnel (internal auditors, managers) in these companies both assisted in the development of the model documents and acted as peer reviewers to ensure accuracy and applicability.

A final example shows how one product can be used in different ways. Many clients approach the project requesting information about how to transform themselves from a limited liability company into a joint-stock company. In response to the heightened interest from a number of companies and partners in this topic, we devoted one of our regular lawyers' roundtables to a discussion of the issue in more depth.

At this roundtable, our project experts learned from the clients' experience and gathered much practical knowledge on the subject. Using this knowledge, the project decided to write an article for its regular bulletin on the topic, using client experiences as the foundation. One of our training partners then asked us to present the topic at a seminar for the partner's clients. The project created a presentation from the article and tailored it to the seminar audience. From one roundtable, we were able to produce an article from which we developed a training presentation for our clients.

## CONCLUSION

In sum, we have learned that it is possible to adapt one product for multiple purposes and audiences as an efficient way to create new products. Given the human resources constraint faced by our team, we found this approach to be invaluable in meeting the needs of our clients.

### ABOUT THE AUTHORS

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May 2009