

# Can We Talk? Staffing Considerations in Project Design

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*There is a straight line connecting the pioneering successes of IFC's early corporate governance advisory services projects and the fact that IFC hired talented local staff with fluency in the local language, customs, and business culture, and trained them to become experts in their field. The value of this approach has strengthened over time, as our efforts to create a market for corporate governance in developing countries have resulted in a growing demand for corporate governance services. IFC-trained local experts form the foundation of a new fee-for-service market niche—corporate governance consultancy services.*

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## BACKGROUND

Staffing for corporate governance advisory services projects is not a one-size-fits-all proposition. There are a number of factors to consider, including the size, scope, and duration of the project and the project's budget. These factors are typical considerations for any project—they are not unique to corporate governance. Still, there are considerations unique to corporate governance advisory services projects when determining the optimal approach to staffing. Here are some of the key lessons on staffing we have learned over our nearly two decades of work in corporate governance advisory services projects.

## LESSONS LEARNED

*1) Consider the country's stage of corporate governance awareness: the less awareness there is, the more local hires are needed.*

Project work in countries with a low level of understanding about the value of corporate governance typically focuses more on work with governments, given the lack of a legislative or regulatory framework that would require companies to meet certain standards. We found that in such countries—like China, the Kyrgyz Republic, Tajikistan, Uzbekistan and Vietnam—deep knowledge of the ins and outs of government was absolutely key. How government officials make

decisions, how political compromises are reached, how policies are made: the reality on such issues is often different from what the rule books might suggest.

International consultants, while experts in the field of corporate governance, may lack this nuance. Aside from speaking the language (see lesson 2 below), local staff have a deeper understanding of how things work. They also may be more equipped to earn the trust and cooperation of government officials in this very delicate stage of the game.

Bringing on local staff who may themselves have a low level of corporate governance knowledge and training them by exposing them to world-class experts also starts a critical process: building a base of experts with local knowledge and global expertise to meet growing demand as the country progresses along the corporate governance continuum.

When countries are in the market development stage—characterized by a growing private sector, some foreign direct investment, some enabling legislation, and a basic awareness of corporate governance—project focus is divided a bit more, to include more work with companies, educational institutions, and the public. But here, too, it is important to hire local staff, for similar reasons: the ability to connect on a deep level with key audiences and to overcome an inherent mistrust of outside experts. At the height of

IFC's Ukraine Corporate Governance Development Project during the 1990s, the corporate governance advisory services staff team totaled 32 people, including a stable of 15 locally trained lawyers. We found that having a deep bench of skilled staff was particularly important for countries in this market development stage, where projects feature multiple components aimed at various target audiences, but where there is not a large pool of local consultants from which to draw. Our approach relied on hiring talented local staff and training them to become leading corporate governance experts, under the guidance of an experienced international project manager. The project team found that hiring local staff enabled them to gain a deeper understanding of the unique conditions on the ground—things that could not be found in a textbook or in formal government documents.

As countries move into the market growth and maturity stage, projects may need fewer staff resources, because they can make use of a larger base of consultants who have been cultivated and trained by IFC, and who can now take on a share of the work as they build their own consulting businesses and expand the country's economic base. There is an increased acceptance of the value of corporate governance, which increases the trust and acceptance for international experts who may parachute in for short stretches to deliver seminars or workshops.

## *2) Talking the talk: hire staff who can speak the local language.*

It sounds like one of those things that is so simple it doesn't deserve mention. But it does because, stated simply, the success or failure of a project rides on the ability to communicate.

Of course, staff who are fluent in local languages also need a critical knowledge base—and they may not be fluent in the language of corporate governance. This is where the combination of international expertise and local skill sets becomes important, although the exact approach will vary depending on region and country.

## **VESTED INTERESTS ARE A GOOD THING: THE INTANGIBLE POWER OF LOCAL HIRES**

When Ukraine gained its independence after the fall of the Soviet Union in the early 1990s, many young Ukrainian professionals were torn between leaving their homeland to seek better opportunities elsewhere and staying put amidst all the uncertainty to help build the foundation of a new country. Others who were trying to build a life abroad were inspired to return home.

Among them: young Olga Mykhaylyuk, who decided to return home to complete her education and professional studies in Ukraine.

Following completion of her professional degree, Olga signed on as a local consultant with IFC out of a deep sense of patriotism, with a goal of making lasting contributions to her country.

"Over the years of my work with IFC, we've provided consultations to hundreds of local companies, helping them to improve their corporate governance. With each company's progress, Ukraine's investment attractiveness increases, and this helps our economic growth. I feel so proud that I have helped my country become a bit stronger—I feel as if I have made a real difference," Olga says.

The moral of the story: never underestimate the intangible power of locally hired staff who have pride in their country and therefore have a vested interest in seeing positive results.

In implementing their projects, the Middle East and North Africa team found that from their base in Cairo, they could train local staff in Egypt, Pakistan, and Jordan. They sent in experts as needed, but they relied on local skill sets and native fluency with local languages to be the front line in carrying out projects.

## *3) Budget time and resources accordingly to build local consultant capacity.*

Staffing circumstances today at IFC are a far cry from the early 1990s when we first started our corporate

governance advisory services work. In IFC's current streamlined staff environment, large staff contingents, such as the 32-member project team deployed under the Ukraine Corporate Development Project, are not going to happen.

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We no longer deploy staff in the same numbers—and many suggest that this is a better, more efficient approach. But it also means that it is more important than ever to make sure that consultant qualifications, expertise, and capabilities match the needs and requirements of the project.

In its early stages, the corporate governance team in Eastern Europe made some staffing mistakes based on faulty assumptions. During the design phase of the initial corporate governance project, a single country manager was hired for each of the five target countries. The idea was that the country managers would supplement their efforts by hiring local consultants to carry out the work, including:

- Organizing awareness-raising events and seminars;
- Working with local counterparts;
- Identifying companies eligible for assistance; and
- Working with the companies to identify and implement improvements.

The plan, which sounded good on paper, turned out to have a significant flaw: there weren't many qualified local consultants in the region—it was a detail we had

overlooked during the scoping portion of the project design phase.

The result: the team had to look outside the region for consultants who could conduct corporate governance assessments and help clients implement improvements. While we found capable consultants in Slovenia, the cost of bringing in expertise from abroad severely limited the number of companies assisted, and reduced the overall impact of the project.

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This was the case in China, where the team sought to add capacity by bringing on local consultants for a donor-funded project that started in 2008. A number of local consultants wanted to work with us, but they were not corporate governance experts. And while there are a number of international consulting firms with bases in China, the in-country staff similarly lacked specialized corporate governance expertise.

So we took a step back.

We realized that we needed to train consultants on our methodology before we could expand our direct advisory work with companies. This extensive effort has taken a full two years. And now, after several highly successful training classes in Beijing, Tianjin and Shenzhen, among other locations, there is a strong and growing base of local consultants trained in IFC's corporate governance methodology.

Early results are strong, including information shared by Chuangzhi Investment Consulting Firm, one of the project-trained institutions: the firm notes that two clients were able to attract a combined \$2.2 million in financing as of June 30, 2010, because of the corporate governance improvements they made, with the assistance of the consulting firm. The firm also notes that the clients would not have been able to mobilize this funding without the corporate

governance improvements. Additional results include:

- More than 37 professional institutions have incorporated IFC's CG methodology into their consulting services offerings to their client companies.
- More than ten of the 37 project-trained professional consulting institutions generated a total of \$259,000 in revenue from their CG consulting services to their clients.

Of course the real work—connecting these newly trained corporate governance experts with companies and banks to bring about lasting governance improvements at the company and bank level—is only just starting.

## CONCLUSION

Staffing is a critical issue with any project, and perhaps more so with CG projects. The complex nature of the effort requires lots of hand-holding and significant interaction with a range of government officials, bureaucrats, leading educators, and corporate executives; this makes appropriate staffing even more critical. As the discussion on the staffing model has

shifted from large IFC-staffed projects to small staff operations that manage outsourced resources, the discussion on an appropriate model is ongoing. The challenge for the next generation of projects is to learn from the lessons of the past and to get creative in adapting to the realities of delivering effective projects in the coming years.

### ABOUT THE AUTHORS

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