

Chapter 10 - The Crucial Role of Corporate Functions

Supporting the Local Business

Contrary to business reports, which are related to specific markets and applicable to the individual segments of the four-phase model, corporate support is indispensable throughout all phases.

Starting from a Zero Baseline. The Government Relations activities include all regulatory, frequency management and type approval activities. They are in the front line of market entry to pave the way for our telecommunications business and to anticipate the length of time needed for type approvals.

H.C. Heng (Director Government Relations and Standards, EMEA) reports that in the initial start-up phase in the Middle East and Africa telecommunications were generally far behind the Western world in terms of regulatory structure and service. Most countries had no frequency management and type approval process in place. “We also had to keep in mind that government officials did not necessarily share our perceptions and goals,” H.C. says. “It was therefore important to respect their specific needs and build up personal trust and fruitful relations.”

Herbert Erd (Manager Government Relations and Telecommunications, CEE) describes the various steps involved in installing a telecommunications type approval infrastructure.

The first task was to identify those ministries and government agencies responsible for the regulatory framework, to analyze their organizational structure and to determine the experts and decision-makers. Highly qualified engineers who were technology-oriented but did not understand business occupied the ministries. Consequently, projects submitted to them for evaluation were assessed by their technical, not commercial, potential. Also, each ministry carried responsibility for a subordinated industry so that decisions always were, and still are, weighted in light of their positive or negative effect on that industry.

All countries belonging to the former communist system worked with similar frequencies and spectrum allocations to military, security and TV,

but very limited to mobile services. "We only identified a few available low-band and mid-band frequencies for which we had no adequate products," Herbert says. "Frequency management was once a military domain and is slowly becoming liberalized. This results in extensive cycle times ranging from three months to three years."

All products sold must be type-approved and quality-certified. "The process is somewhat strenuous but it works," Herbert continues. "Quality certification was performed by ISO 9000. Since there was no related experience in dealing with this standard, each ministry designed its own version. Certification was further aggravated by the lack of accredited ISO specialists in emerging markets. A mutual recognition of type approval and quality certification standards is on the wish list of both sides, but will still take some time."

"It is a challenging task to hire local government relations professionals to execute these sensitive tasks," Herbert says. "The profile calls for expertise in government and regulatory work, previous exposure to Western companies, high engineering and management capabilities and diplomatic skills. Candidates must be young enough to not be influenced by the old school but old enough to be accepted by authorities. And they must be knowledgeable about the regulatory environment," he adds.

Herbert says he had good experiences with candidates from the former academies of science, the foreign relations departments of governments and the ministries of defense.

Motorola supports this process with spectrum management and type approval seminars for government officials to help them brush up on their telecommunications policy and infrastructure. Such support also includes special projects such as a frequency allocation inventory in Bangladesh jointly performed with their university of engineering and technology.

A Roll-Out Plan for Finance. The finance organization is in charge of setting up the commercial and financial policies and procedures relevant to conducting business in the emerging markets. It is also the custodian of Motorola's standards of internal control to ensure compliance with internal and external regulations and laws.

Karlheinz Ullius (Director Corporate Finance Germany, CEE) describes the key issues and activities in this process:

"It is the responsibility of finance to designate the type of local structure needed to meet the business purpose and adjust this to changing requirements. While in some countries a representative office may be adequate, a different set of local activities might require a permanent structure, such as a subsidiary. The legal structure also determines the type and extent of financial services in the country ranging from remote support in the embry-