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\$3.5m price tag on better CMB image

By JEREMY LAU

THE trouble-plagued China Motor Bus Company (CMB) has been advised to spend \$3.5 million to improve its management structure and relations with staff and the public.

But the recommendations, which will be put into practice by the end of the year, do not involve creating new top management posts or removing members of the Ngan family from the board.

They are contained in the second report compiled by KPMG Peat Marwick Management Consultants, and accepted by a meeting of the board last Friday.

Sources said the consultants had identified several problems with CMB's management structure and the relationships between the board, the executive directors and the management.

Other problem areas included the delegation of authority within the company and its management of customer and public relations, a source said.

The consultants said the relationships between the nine-member board of directors and the two executive directors relied on a decade-old practice that had not been formally defined.

CMB is controlled and managed by its chairman and managing director, Mr Ngan Shing-kwan. His

daughter, Ms Irene Ngan Kit-ling, is joint managing director, while his son, Mr Ngan Kit-keung, is assistant managing director.

Relations within the management structure, which evolved from a small company background, has for decades relied on personal communications.

"Given the present size of CMB, the consultant believes a more formal approach to these relationships is required," the source said.

"The board should meet more frequently, preferably every three months, and additional meetings should be called to discuss specific issues if necessary."

The consultant also suggested revising the system whereby all nine unit managers report every issue to the three members of the Ngan family.

The suggestion is for the organisational units to be expanded to 13 and report to the joint managing director and the assistant managing director and be given clearly defined responsibilities.

In addition, unit members should use regular meetings to discuss company affairs.

"There is no such arrangement at the moment, despite the fact that there are frequent meetings between the managing director, the two executive directors and the management," the source said.

More middle management posts should be created to support the unit managers.

Other recommendations include the appointment of a public relations officer or a public relations agency to handle customer complaints and develop public relations programmes.

The consultant concludes that the recommendations would cost the company about \$3.5 million a year at 1990 prices.

Meanwhile, a release issued by CMB yesterday said: "The consultants have concluded that CMB has a cost-effective management structure and that CMB's organisation structure and managerial arrangements are basically sound but, as with most organisations, there is room for improvement."

The release gave a list of some of the improvement measures, but did not disclose how much it would cost to implement them. Nor did it mention the consultants' findings on existing weaknesses in CMB's management structure.

Asked whether the cost of implementing the improvement measures would mean higher bus fares, CMB's Finance and Planning Manager, Mr Derek Nicholls, said: "One would hope not. Not at this stage."