



Creating Purpose & Performance Driven Public Listed Companies (PLC)

Guidebook

1

# PLC Transformation (PLCT) Programme

Towards a more responsible and high performing  
Corporate Malaysia

A quick tour of guidebook 1



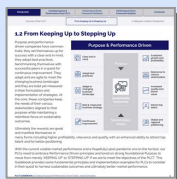
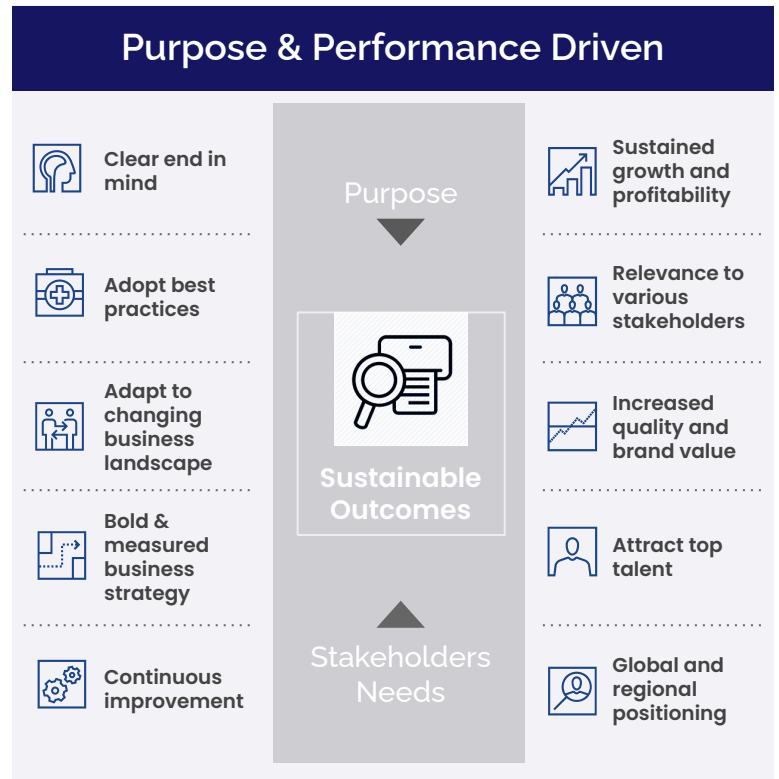
# Creating Purpose and Performance Driven PLCs

## A quick tour of guidebook 1

Purpose and Performance driven companies share common traits with a relentless focus on achieving sustainable outcomes. To thrive in a post-pandemic era, PLCs need to embrace **Performance Driven** principles anchored on a compelling **Purpose** to transition from merely 'KEEPING UP' to 'STEPPING UP'.

Guidebook 1 provides PLCs with thematic perspectives and fundamental principles on transforming into purpose and performance driven companies to improve their positioning and attractiveness on Bursa Malaysia. These principles are supported by implementation considerations and practice aids including case studies, checklists and useful references to support PLCs in their transformation journey.

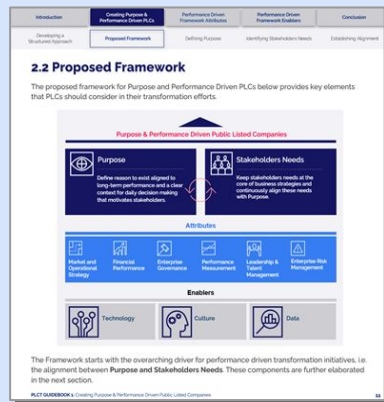
The chart below and following pages provide an overview and quick tour of Guidebook 1.



From Keeping Up to Stepping Up



Malaysian Investors Perspectives



Structured Purpose & Performance Driven Framework for PLCs



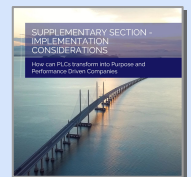
Aligning Purpose & Stakeholders Needs



Framework Attributes



Framework Enablers



Supplementary Section on Implementation Considerations

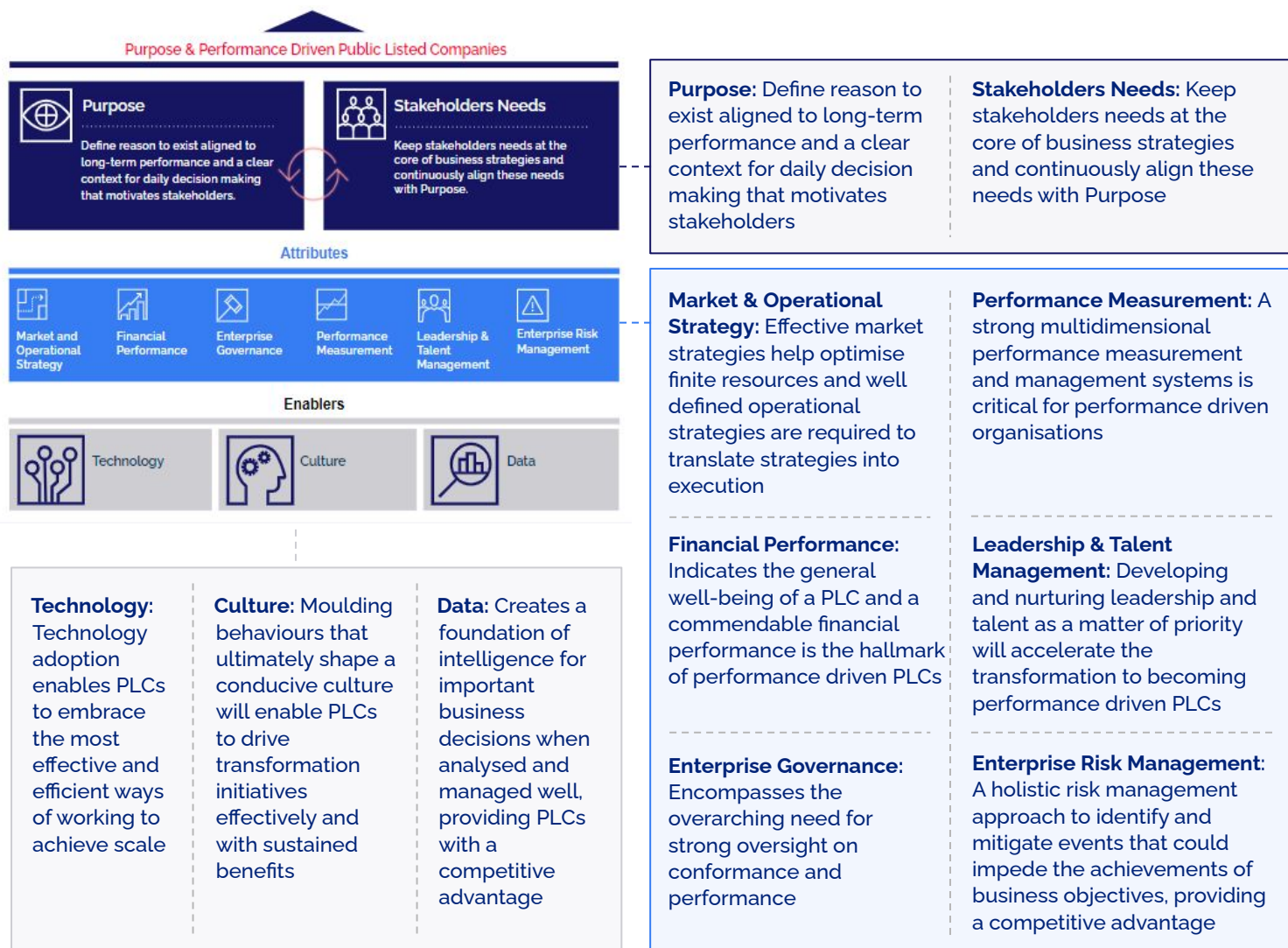
# Perspectives from Malaysian Investors

As part of the PLCT programme, selected investors were engaged from December 2021 to January 2022 to understand their priorities and perspectives on PLCs and the capital market landscape in Malaysia via a limited survey. The insights from respondents are summarised below and provide food for thought in the quest to transform into Purpose and Performance driven PLCs:



# Framework for Purpose and Performance Driven PLCs

The structured framework below provides key elements that PLCs should consider in their transformation efforts. Companies should adapt the framework to suite their positioning, industry and market situation, and start with the alignment of purpose with stakeholders needs followed by the attributes and enablers.



# Purpose & Performance Driven Framework

## Attributes

The key attributes that PLCs should adopt and exhibit in order to accelerate their transformation into performance driven companies are elaborated below. Further initiatives are detailed in the guidebook.

### 1. Market & Operational Strategy



#### Focus Areas

<b>Products &amp; Services</b>	Align products and services to business objectives
<b>Pricing</b>	Create value based pricing to maximise profitability
<b>Location</b>	Optimise operational locations to create strategic advantage
<b>Customers</b>	Deliver differentiated experiences to customers to drive growth
<b>Supply Chain Management</b>	Achieve effective and efficient SCM to reduce waste and cost
<b>Customer Management</b>	Enhance customer management to increase brand reputation
<b>Back-Office Transformation</b>	Optimise back-office functions to improve efficiency and reduce cost

#### Call to action

- Benchmark products and services, against market trends and competitors
- Determine the need to discontinue or substitute low performing products or services
- Review geographical presence
- Analyse supply chain performance, considering sustainable practices
- Analyse customer feedback
- Review effectiveness of back office functions

### 2. Financial Performance



#### Focus Areas

<b>Revenue Quality &amp; Growth</b>	Diversify and build resilience in revenue generating activities
<b>Operational Efficiency</b>	Manage operational cost for sustainable profitability
<b>Capital Management</b>	Improve capital management and unlock further liquidity

#### Call to action

- Review quality of revenue streams in terms of predictability, continuity, diversity and profitability
- Review current cost structures
- Identify more efficient ways to fund investments and growth

# Purpose & Performance Driven Framework

## Attributes

### 3. Enterprise Governance



#### Focus Areas

<b>Corporate Governance</b>	Build trust and demonstrate business integrity to stakeholders
<b>Business Governance</b>	Balance between operations oversight and control while driving operational efficiencies

#### Call to action

- Evaluate Board effectiveness regularly
- Assess whether policies, processes and controls in place are in line with the current business environment
- Benchmark against peers externally and within the organisation

### 4. Performance Measurement



#### Focus Areas

<b>Well defined objectives &amp; goals</b>	Structure well defined and SMART objectives & goals
<b>Balanced measures</b>	Define measures that encompass the whole organisation
<b>Consistent reviews</b>	Ensure measures are relevant and refreshed to reflect current state
<b>Well communicated</b>	Ensure insights from performance measures are cascaded
<b>Adequate data sources</b>	Enable processes and systems to obtain and use source data

#### Call to action

- Assess, prioritise and disclose relevant Headline KPIs and targets
- Institutionalise performance measures that are aligned to S.M.A.R.T objectives
- Explore specific and bold performance measures that are required to stay ahead of competition
- Establish mechanisms to capture critical data points

# Purpose & Performance Driven Framework

## Attributes

### 5. Leadership & Talent Management



#### Focus Areas

<b>Staying ahead of the game</b>	Leaders need to be open to ideas and consult stakeholders
<b>Leadership agility</b>	Quick decision making, agile in responding to change and risks
<b>Fact based decisions</b>	Encourage and enable leaders to make data driven decisions
<b>Attract top talent</b>	Communicate an appealing corporate identity tied to purpose
<b>Motivated Employees</b>	Create unique employee experiences
<b>Increase Retention</b>	Define a clear employee value proposition for career growth

#### Call to action

- Leverage data-driven decision-making tools and processes to elevate leadership decision making
- Espouse company's purpose to to attract top talent
- Define a compelling Employee Value Proposition that will facilitate better attraction and retention of top talent

### 6. Enterprise Risk Management (ERM)



#### Focus Areas

<b>Governance &amp; Culture</b>	Harnessing the benefits of ERM <ul style="list-style-type: none"> <li>• Create value by embracing risks as opportunity</li> <li>• Resilient to market Disruptions</li> <li>• Effective scarce resources allocation based on risk profile</li> <li>• Better management of cost of compliance and potential business losses</li> </ul>
<b>Strategy &amp; Objective-Setting</b>	
<b>Performance</b>	
<b>Review &amp; Revision</b>	
<b>Information, Communication &amp; Reporting</b>	

#### Call to action

- Establish an effective ERM framework that provides a holistic view of company's risks
- Align risks to strategies and business objectives
- Create a risk culture that embraces risk management as part of day-to-day operations, turning risks to opportunities

# Purpose & Performance Driven Framework

## Enablers

The following enablers support the framework attributes to accelerate transformation. Implementation considerations and practice aids are further elaborated in the guidebook.

### Technology



#### Focus Areas

Enterprise Resource Planning

Automation

AI and Machine Learning

Internet of Things

Cloud Computing

#### Call to action

- Identify areas of the organisation that would benefit from new technology adoption.
- Benchmark to peers or other progressive companies that have achieved outstanding performance from technology adoption.
- Integrate technology as part of day-to-day business workflow and upskill the organisation with a digital mindset and the necessary skills.

### Culture



#### Focus Areas

Innovation

Better retention

Continuous improvement and employee engagement

Sustainable performance

#### Call to action

- Perform a culture assessment to ascertain the key attributes of the company's culture.
- Identify desired attributes and behaviours to be demonstrated in the organisation and define the end outcomes.
- Reinforce the desired behaviours via tone and conduct from the top as well as performance management.



# Purpose & Performance Driven Framework

## Enablers

### Data



#### Focus Areas

Data modelling

Capture insights

Personalised experiences

People analytics

Predictive analytics

Data driven risk  
management

#### Call to action

- Embed data and analytics as a fundamental component of decision making processes.
- Review data sources and data capture processes across the business to identify any major data management gaps.
- Create a data-driven culture across the company.
- Continuously review data integrity and security.

The attributes and enablers as described above are further elaborated in the guidebook. Additionally, for each attribute and enabler, specific initiatives have also been proposed and supported by further insights and Implementation considerations which are detailed out in the *Supplementary Section* of the guidebook. As the guidebook is intended for a broad target audience, the proposed initiatives are not exhaustive and may need to be further evaluated and expanded based on the respective company's nature of business, industry norms, performance and objectives.

# Bringing the Purpose and Performance Driven Framework to Life

Throughout the guidebook, specific supplemental content and resources have also been included to support and enable the implementation of initiatives and accelerate transformation.

**Call to Action**

**Market Strategy**

1. Review products and service market trends and customer demand.
2. Benchmark products and services against competitors to determine demand.
3. Monitor individual products/services performance to determine profitability and the need to discontinue or substitute.
4. Review geographical presence and regional strategy to ensure go-to resources and customer.

**Useful Links:**

- MTI Industry ESG - Align company related services sectors to strengthen ESG.
- EDU National AI Policy - The policy and government, in order to see strategic.
- 6 Strategies for a more resilient supply chain - cost and operational efficiency.
- Strategiq Op DNA Profile: Supply Chain

**Transformation Checklist - Market & Operational Strategy**

The following checklist provides indicative areas for companies to consider as they embark on their performance driven transformation in Market and Operational Strategy.

1. Conduct market analysis to determine customer segments, demand for products/services and barriers to entry based on competitor presence.
2. Define products/services to be introduced or expanded in the market based on demand capabilities to produce and deliver, alignment to business goals and purpose as well as fit with company identity and branding considerations.
3. Conduct detailed pricing analysis and forecasting to determine the appropriate pricing strategy and positioning that will achieve desired product profitability.
4. Conduct in-depth location analysis which will cover the ideal location for products and services to be delivered whilst conforming to local regulatory requirements - determine locations that will provide optimum operational and delivery capability and presence.
5. Define a robust operational strategy which covers cost effective approaches to production, delivery, deployment and management of the products/services.
6. Conduct a thorough supply chain review to identify optimal supply of raw materials and resources and determine potential bottlenecks to be addressed.
7. Embark on a detailed Spend Analysis to determine areas within the operations that could be further streamlined and managed to optimise operations efficiency.
8. Introduce customer feedback mechanisms to keep track of customer sentiments which will enable informed decisions on variations required to products/services, pricing, branding and location.

- Transformation checklists, calls to action and additional useful links that provide indicative areas for PLCs to consider to drive change

**3.1.3 Key Metrics to Consider - Market Strategy**

Market strategy outcomes can be measured in the following areas:

**Product Strategy**  
Product performance, sales and operational efficiency  
Alignment of products and services to business goals

**Pricing Strategy**  
Product profitability, product cost and operational cost  
Considers costs, customer acceptance and competitor prices

**Customer Strategy**  
Customer lifetime value  
How to deliver value to customer

**Examples of sectoral performance metrics**

**Banking Sector**

**Financial Measures**  
Covers both financial and operational activities

- Not interest margin
- Liquidity coverage ratio
- Gross impaired loans ratio
- Loans/Deposit ratio
- Non-interest income ratio
- Cost to income ratio
- Current and savings account ratio (CASAR)
- Capital adequacy ratio
- Total loans growth
- Return on Tangible Common Equity (ROTE)
- Assets under management
- Common Equity Tier 1 (CET1)

**Non-Financial Measures**  
Covers other aspects of business operations

- Client survey score
- New account set up error rate
- Active digital users
- Sustainability focused products and services
- Sustainable financing and investment commitment
- Number of cyber security incidents
- Number of fraud incidents

- Illustrative financial, non-financial and sectoral performance metrics to drive outcomes and promote disclosure of headline KPIs

**Spotlight**

**Hartalega**

A case study on Hartalega's recent purpose driven transformation - powered by People and Innovation

The COVID-19 pandemic has triggered many of the large risks (downside) to its operations and supply chain resilience. Following its recent first quarter FY23 performance, Hartalega has certainly not been an easy journey. On top of managing the company in Malaysia, also faced of political landscape in Malaysia, in addition which boosts attractive tax incentive Hartalega's ability to leverage that has been strongly attributed to its recent three main principles:

- Clear** - Clearly articulated with a clear focus of deliver as it is critical stakeholders
- Consistency in maintaining manufacturing discipline** - Importance of maintaining reliability consistency and quality in production which are table stakes in the manufacturing industry though not often mastered by many

**Case Studies**

**Hong Leong Bank**

Artificial Intelligence (AI) and Machine Learning (ML) improves productivity through continuous learning

AI and ML is used to perform human-like tasks and is able to learn through data. Read tips to know more. Such self-learning algorithms could enable more uptime and higher efficiency of operations and this in turn could increase productivity, better service levels and better overall cost management. AI provides the power to analyse significant amounts of data and generate valuable insights to improve performance.

Internet of Things (IoT) drives data insights to deliver better experiences and performance

IoT refers to the network of physical objects that are embedded with software and sensors which enables the exchange of data with other devices over the internet. Watch this video on how IoT can be applied in various business scenarios and help to deliver better experiences, greater efficiency and accuracy.

**Celcom**

Celcom migrated its database to public cloud. This enabled it to obtain computing capabilities and infrastructure on demand enhancing its readiness for future business expansion. Read the story here.

**Colgate - Palmolive**

Colgate - Palmolive transformed its ways of working and enhanced collaboration for 40,000 employees worldwide after migrating to cloud. Read the story here and watch the video on how Colgate strengthened its global collaboration.

- Case studies, weblinks and references showcasing lessons learned from local and global companies

**How to optimise back-office functions to minimise operational costs**

**Outsource back-office functions**  
Consider outsourcing back office for optimising and focusing in-house re-allocating will free up resources or efficiencies that can be delivered from

**Unlever outsource IT services to reduce burden of managing the daily operations focus on growing and supporting the business**  
It was reported that Unilever saved an \$1.7B operations restructuring! Read the story here.

**Reinsure back-office functions for cost efficiency**  
Organisations with multiple or replicate locations may consider bringing central shared service centres, insourcing or of scale and/or centres of excellence.

**Implement intelligent automation**  
Back office functions can often be costly (e.g. Finance and HR functions) with repetitive transactional tasks leading to automation solutions can shorten error tasks and increase speed of execution section on the benefits of Robotic Process Automation (RPA).

**HOW CAN PLCs DEVELOP AND IMPLEMENT EFFECTIVE MARKET STRATEGIES**

Effective market strategies play an important role in driving performance of companies. Market strategies need to be formulated at the outset but also reviewed periodically to ensure relevance to changing business landscape as demand for products and services, customer needs and geographical presence will change over time. Well defined market strategies enable the efficient and effective implementation of operational initiatives, driving business growth.

**How to define products/services strategies aligned to business objectives**  
Product strategy defines the various products or services that the Company intends to take to customers.

**How to deliver enhanced experiences to customers**  
Customer strategy defines the customer value proposition and differentiating products to customers.

**How to create value based pricing strategies to maximise profitability**  
Pricing strategy defines the methods companies use to appropriately price their products or services.

**How to ensure location strategies are optimized for an efficient supply of resources and access to customers**  
Location strategy involves the strategic positioning of operations relative to resources, suppliers and target customers.

Note: Key elements of market strategy discussed in chapter 3.1.1.1

- Comprehensive *Supplementary Section* detailing initiatives and implementation considerations for each framework attribute and enabler

# A Call to Action

The relatively muted performance of our PLCs pre-pandemic augmented by the uncertainty that our PLCs and other stakeholders had to deal with over the past few years have made a strong case for change anchored on these imperatives:

- 1** Adapt and transform to thrive in the new normal and elevate **Performance**
- 2** Espouse a compelling **Purpose** which continuously aligns to **Stakeholders Needs**
- 3** Consider the common **Attributes** that Performance driven companies need to adopt and exhibit
- 4** Leverage off critical **Enablers** to drive and sustain change

The PLCT Guidebook 1 provides fundamental principles and implementation consideration to assist PLCs to transform into Purpose and Performance Driven companies. Companies should adapt and adopt the relevant principles and initiatives in Guidebook 1 to accelerate their transformation and thereon reap the benefits of sustainable outcomes. The PLCT Programme continues with topical initiatives for participating PLCs as well as upcoming releases of further guide books which will showcase important areas for elevating performance and attractiveness of our PLCs in the market.

## Upcoming Guidebooks



### Guidebook 2

Sustainable, Socially Responsible & Ethical Organisations



### Guidebook 3

Investor Relations & Stakeholder Management



### Guidebook 4

Digitally Enabled



### Guidebook 5

Nation Building Drive



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