



**Comprehensive system for income
growth management –
Example of Akmolinsk Branch of
Kazakhtelecom**

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MANAGERIAL ACTIVITY



- Projects management



- Production management



- Sales and service management

KAZAKHTELECOM JSC operates in B2B and B2C markets.

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ҚАЗАҚТЕЛЕКОМ



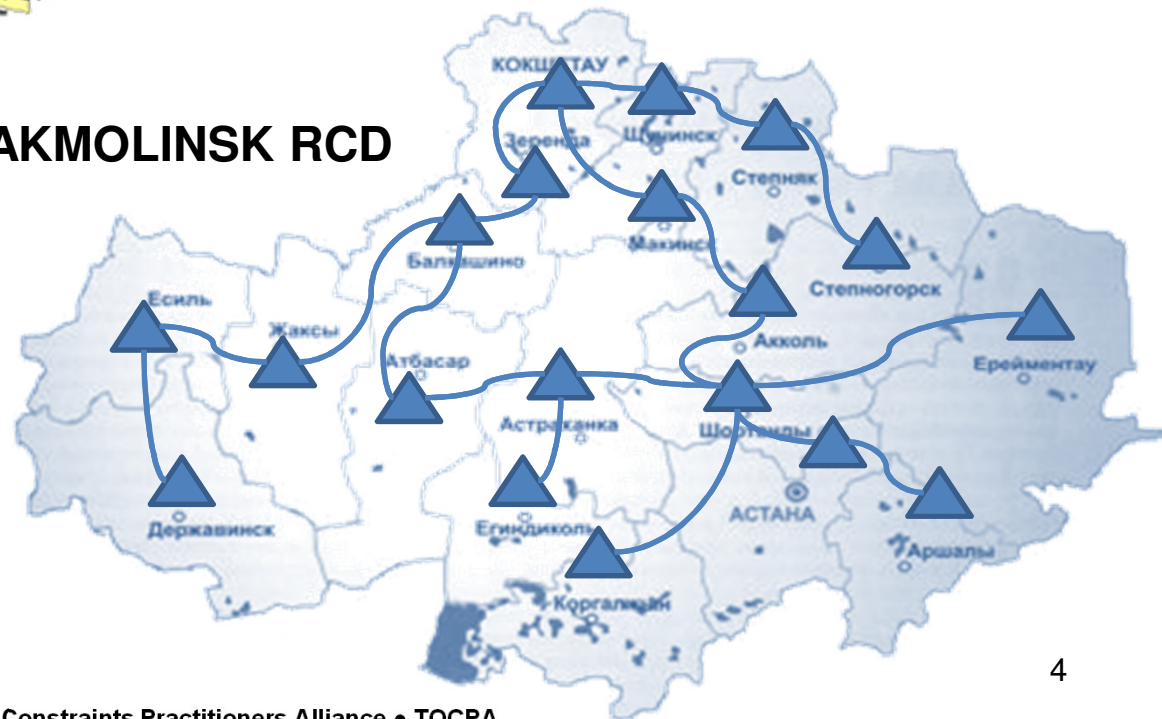
Kazakhtelecom JSC is a legal entity with centralized management, comprised of **23 branches**, as well as representative offices in the Russian Federation and China.

Today Kazakhtelecom JSC group of companies covers all major target consumer markets of information and telecommunication services.

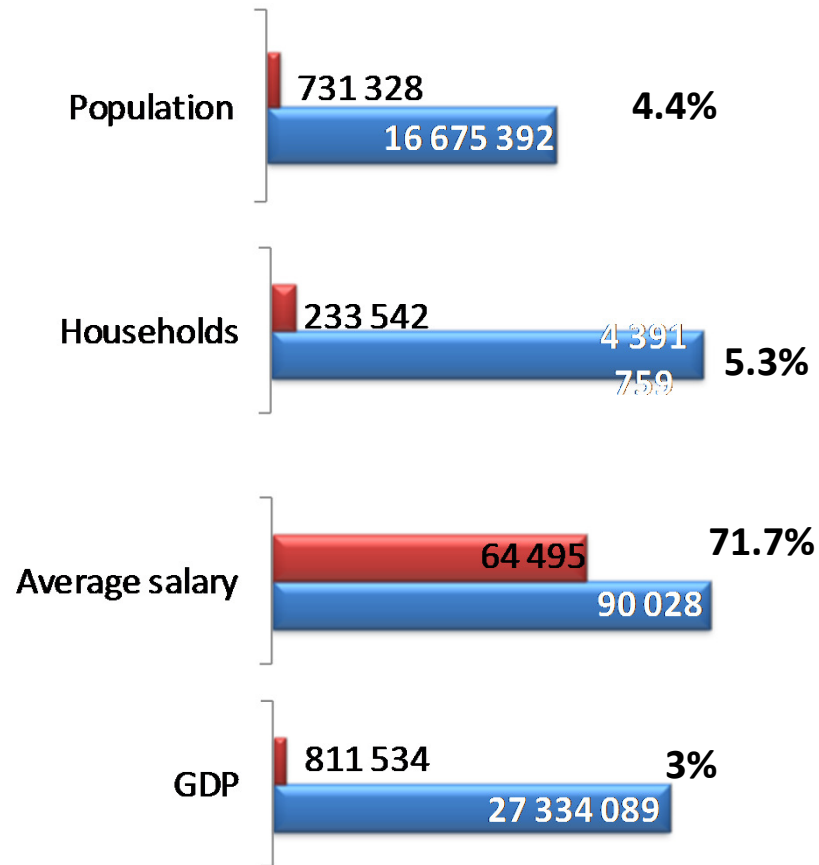
The company employs around **30 thous. people**. Kazakhtelecom JSC possesses regional subdivisions in every region of the country and provides communication services throughout the country.

- Employees: 1747
- Number of district and city telecommunication centers: 18
- While then number of villages is 626 all (100%) of villages are provided with telephone communications.
- As of 01.10.2011 Akmola RCD includes 383 operating telephone stations.

AKMOLINSK RCD

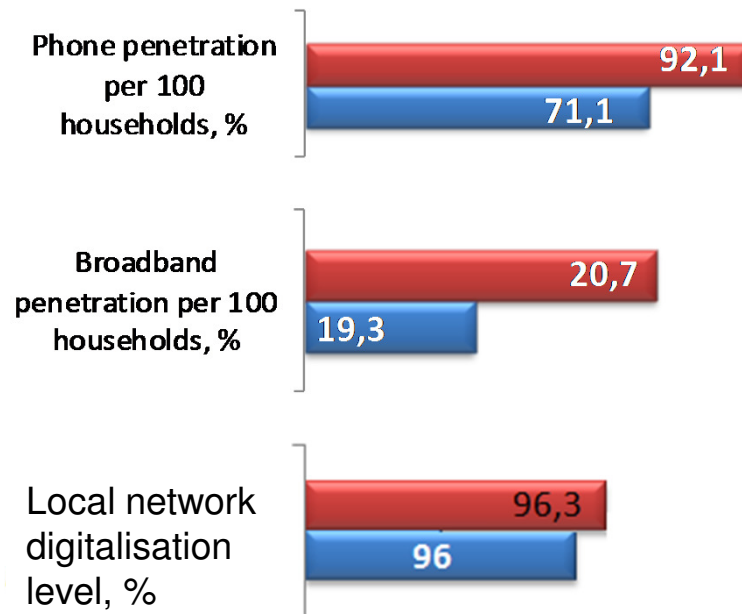


Reference information about Kazakhstan and Akmolinsk Region



- Akmolinsk Region
- Kazakhstan Republic

Reference information about Kazakhtelecom JSC and its Akmolinsk branch

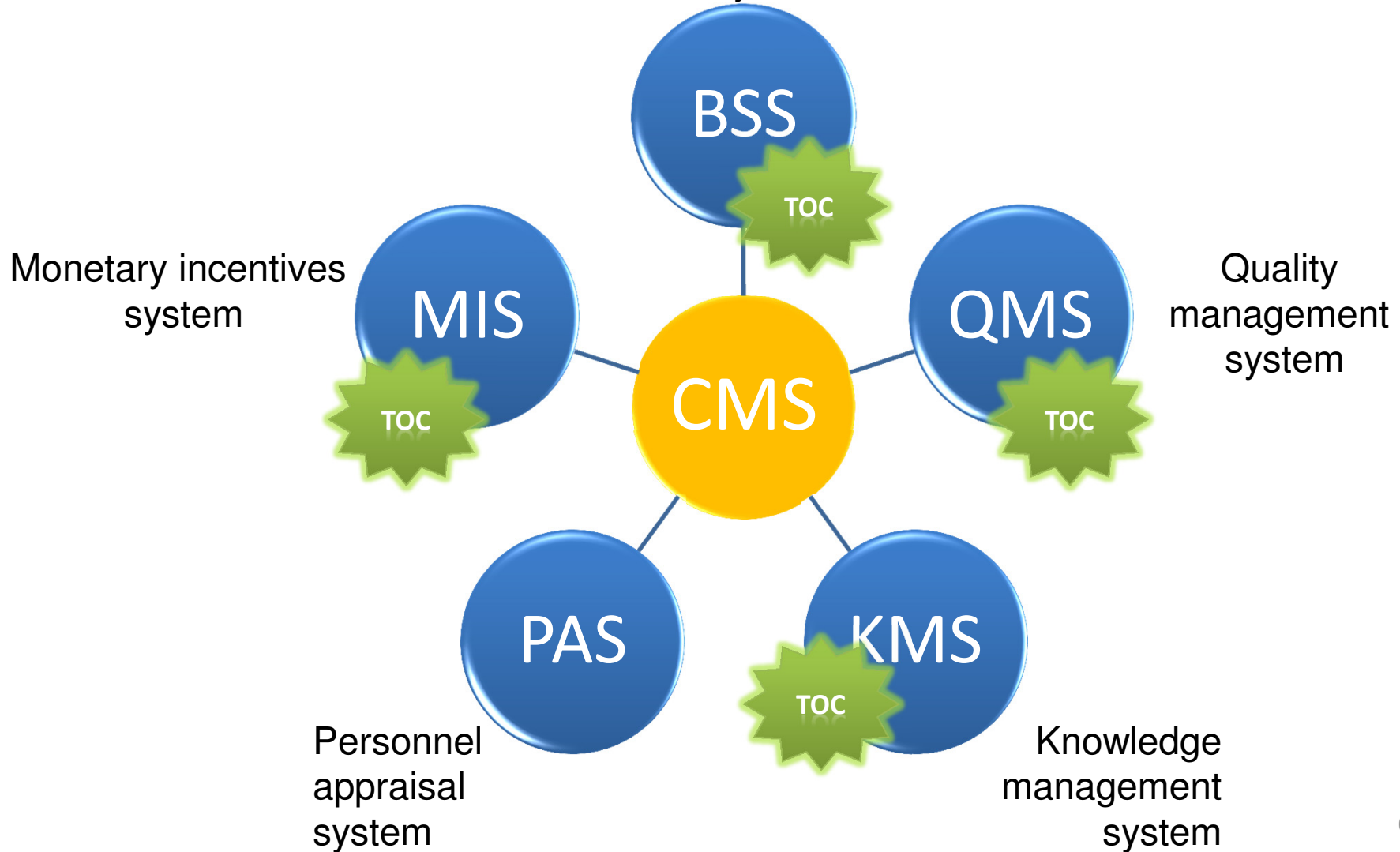


- Akmolinsk Branch of Kazakhtelecom JSC
- Kazakhtelecom JSC

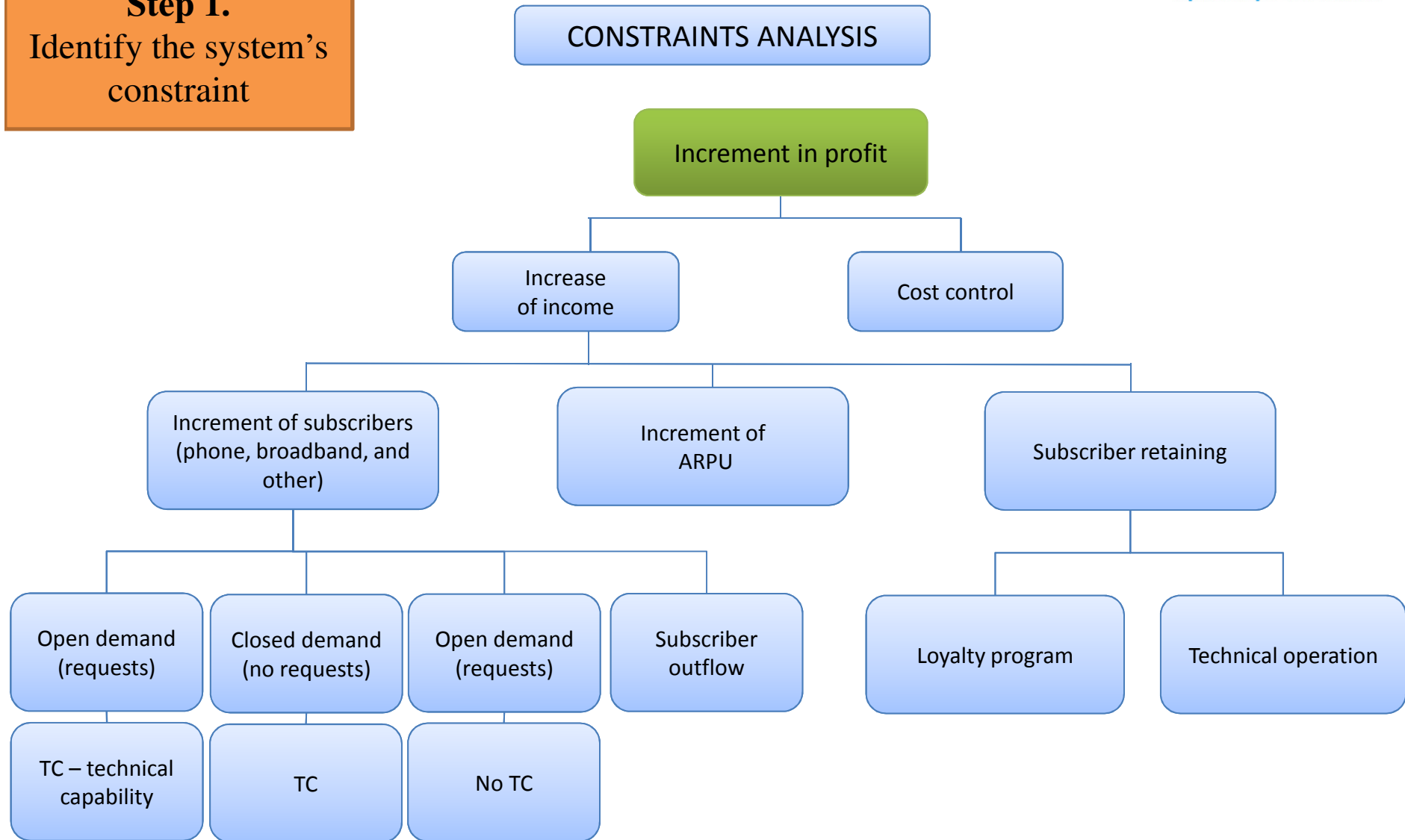


COMPREHENSIVE MANAGEMENT SYSTEM

Balanced Scorecard System



Step 1.
Identify the system's
constraint





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Identify the system's
constraint

CONSTRAINTS ANALYSIS

1. LRLTC

Lost revenues due to lack of technical capabilities

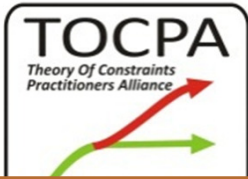
2. LRLSS

Lost revenues due to low sales speed

3. LRO

Lost revenues due to outflow

LRLTC		LRLSS		LRO		Lost revenue, total:
Amount	%	Amount	%	Amount	%	Amount
48 295 581	74,7	12 780 376	19,7	3 616 612	5,6	64 692 569



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CONSTRAINTS MANAGEMENT

Profit increase

Increase of
of income

Control
of expenses

Subscriber base growth
(phone, broadband, etc.)

Increase of
ARPU

Retaining subscribers

Open demand
(there are
requests)

Open demand
(there are
requests)

Closed demand
(no requests)

Loyalty program

Technical Operation

TC

No TC

TC

Investment
Calculator

Sales planning
and execution
module

Step 2.
Decide how to exploit
the system's constraint.

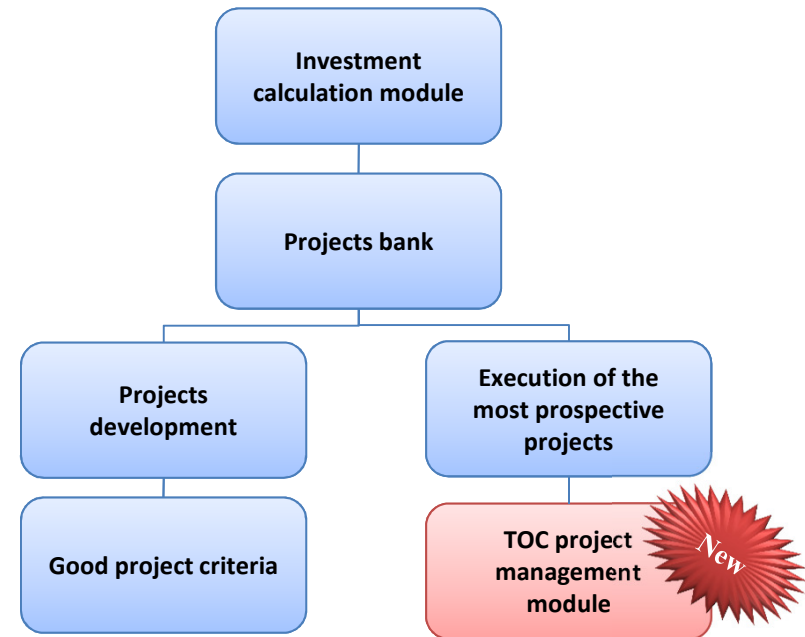


Step 2.
Decide how to exploit the system's constraint.

MANAGERIAL ACTIONS MODEL



1. Planning report
2. Performance report
3. Training report



1. Analysis of technical capabilities availability
2. Schedule of projects entry into the investment calculator
3. Projects delivery report
4. Projects post-monitoring



Step 3.
Subordinate
everything else to the
above decision

MONETARY INCENTIVES SYSTEM

Profit increase

Increase of
of income

Control
of expenses

Revenue increment factor

Subscriber base growth
(phone, broadband, etc.)

Increase of
ARPU

Retaining subscribers

Open (there
are requests)

Closed (no
requests)

Open (there
are requests)

Loyalty program

Technical Operation

TV

TV

No TV

Subscriber surveys

Breakdown elimination
factor

Speed of sales

Lost revenues

Step 3.
Subordinate
everything else to the
above decision

MONETARY INCENTIVES SYSTEM

Rating of business units against qualitative indicators.

Compile a Rating of 5 indicators related to 3 levels of importance:

- 1.Revenue increase as the Goal of the enterprise is the bottom-line indicator.
- 2.Lost revenues: Service penetration + speed of sales, focusing indicator.
- 3.Number of defects per 100 subscribers and subscriber surveys are supporting indicators.

Every importance level has its mark-up factor:

Bottom-line - 2

Focusing - 4

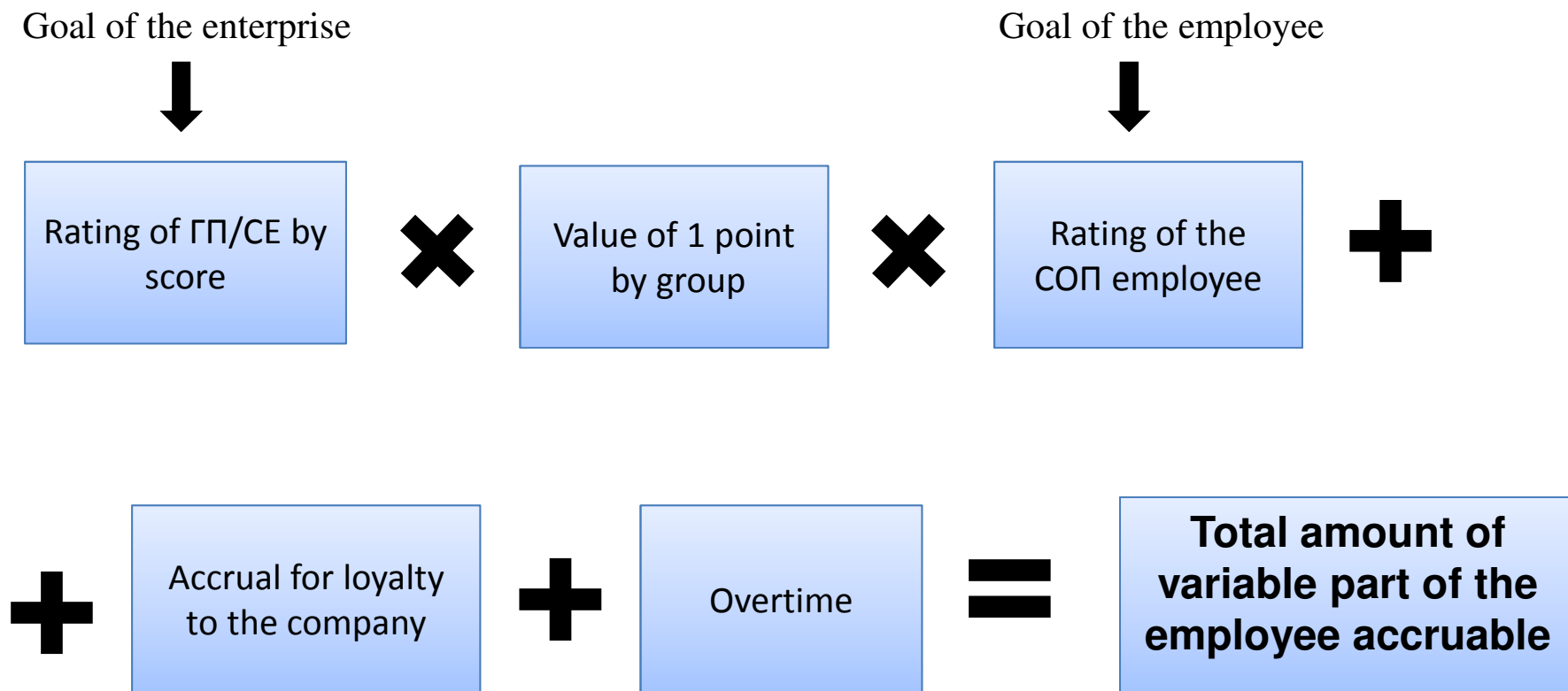
Supporting – 1

Indicator	Bottom line	Focusing		Supporting	
Name of indicator	Increase of income	Lost revenues		Number of defects per 100 subscribers	Survey of subscribers
		Service penetration	Speed of Sales		
Mark-up factor	2	1.5		1	
Short description of calculation of indicators	Increase of income factor is calculated as the increase of income/Operating budget expenses	Penetration share of the group leader as of the last month established as the standard target for the whole group in the reporting period, by which HIGH and LOW penetration is determined. Lost revenues are calculated by service penetration.	Sales speed is calculated as the ratio between the increase of broadband, Clip, corporate broadband to actual population. Normative value is taken as K-1,25	Breakdown elimination factor is determined as the ratio of detected breakdowns to the engaged capacity as of the reporting period.	Customer service satisfaction indicator is determined by the survey results, which is done for all installations as of the reporting period, eliminated breakdowns as of the reporting period, by presentation of new services to legal entities.
					12

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MATERIAL INCENTIVES SYSTEM

Scheme of monthly accrual of variable part of salary to RCD employees





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INCOME GROWTH CMS IMPROVEMENT

