

## VI. CREATING A CUSTOMER FOCUS

**M**unicipalities exist to provide services to customers, the people who live and work in the city and who use the city's infrastructure and services. Municipalities also have an obligation to the community to ensure the public good; the health and well being of the citizens. The balance between community service obligations and customer needs varies from culture to culture and from city to city.

The first presentation by Rod Oxley discusses the relationship between the Wollongong City Council staff and the community. The second presentation is by Jesse Robredo, Mayor of Naga City in the Philippines.

### A. CREATING AND SUSTAINING CUSTOMER FOCUS

#### **Rod Oxley**

*Chief Executive Officer*

*Wollongong City Council, Australia*

Customer focus is but one element in the way we manage our local government in Australia. In the context of the Wollongong City Council, customer focus falls within the auspices of our quality management system — what they want, what they need, and their expectations. It is linked to the vision, the mission, and the corporate goals of the organization. Customer focus has to be seen in the context of the totality of the management system. The emphasis on identifying the customers and looking after their needs is part of our overall management concept.

There are three aspects to creating a customer focus:

- knowledge of our customers' needs and expectations,
- customer relationship management, and
- customer satisfaction.

### **1. Knowledge of Customer Needs and Expectations**

A commitment to a customer-focused approach must be developed. It is paramount in my organization that commitment is developed and expressed from the Lord Mayor, through the Councilors, and down through the management structure of the Council's organization. There is also a need to establish structures and processes to determine customer needs. Their needs and expectations should be prioritized and deployed within the corporate plan.

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It is pointless identifying what the customer's needs are, and assessing what customer expectations might be, unless they are translated into the planning process and the corporate plan. From that level, the functional business plans need to encompass these needs. Customer service standards and service level agreements need to be developed to meet expectations. These service level agreements should be put in place so that the customers — be they internal or external — understand what the delivery standards are going to be.

It is also important to conduct a customer survey to determine expectations and to assess them against the customer satisfaction levels. As a consequence of that survey, a gap analysis can be undertaken to ascertain the gap between expectations and satisfaction. The size of the gap will determine the level of focus that an

organization needs to put into a particular service. It is essential to have a well-developed information database that can be used as a means of determining and assessing the direction in which customer services should go. It is no longer good enough to manage by gut feel or intuition. Modern management practices dictate the way in which we manage our organization and the way in which we satisfy our customers' needs. They demand that we focus on the facts and analyze them in the best possible way.

We also need to ensure that our staff are fully conversant with the customers' needs. At the end of the day it is the staff, the people on the front line of operations, who are called upon to deliver the range of services that we as municipal authorities are expected to deliver.

### **2. Customer Relationship Management**

It must be clear to every employee in the organization that he/she serves the customer. It is not only the person who deals directly with the community who needs to understand the importance of the customer, it is also the employee who assists front line staff.

The concept of having an internal customer in the organization is not always clearly understood. The Wollongong City Council has developed a set of core values that are permeated and developed throughout the organization. I am talking about values such as being open and honest, about being fair and just, about ensuring that customers are an important element of the way you operate your organization.

Another aspect of customer relationship management concerns empowering staff to deal with customer problems or requests. Through empowerment of staff, by delegating and devolving responsibility, staff at lower levels within the

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organization can deal effectively with customer inquiries. We need to promote a customer-friendly workplace.

In promoting our services, we have adopted a very simple slogan: *Wollongong City Council working for you*. In all of our publicity and promotional material, we always finalize our marketing strategy, our marketing efforts, and our advertisements with the words *working for you*. Vehicles used in road construction have the slogan painted on them. What does it do? It creates an atmosphere, it creates a culture of people continuously identified with the idea of commitment to providing an ideal level of customer service.

It is also important that we create an open and responsive corporate environment. In creating a customer-focused organization, you need to create an environment that makes people feel welcome and where people are proud of what they do in the organization.

### **3. Customer Satisfaction**

It is useless creating a focus on your customers unless they are ultimately satisfied. Customer satisfaction is at the root of our vision, mission, values, and goals. Once again we need to be clear about what is meant by the vision of an organization — what is its mission, what are its corporate goals and objectives?

In the context of my own organization, customer satisfaction is one of our seven key result areas. The corporate plan specifies that the first key result area relates to customer focus. That it is shown first is an indication of the importance placed on delivering quality service.

We have also developed a range of mechanisms to compare customer satisfaction levels within our own area to those of other areas. This process, called benchmarking, is a tool for

assessing the performance of organizations.

One component of our customer service model is the reduction of the gap between customer expectations and the service delivered. Gap analysis is a very powerful tool for assessing the difference between what you say and what you do. We measure customer satisfaction on a service-by-service basis across all functions, as well as by taking an overall view of the organization from the customer's point of view. This gives our management team the opportunity to modify the way in which services are delivered to ensure that those satisfaction levels are maintained.

Communicating the results of our measurements of customer satisfaction to staff is very important. Unless staff are made aware of the outcomes of their work, they cannot respond. We publish a monthly staff newsletter providing updates. Disseminating this information throughout the organization makes people feel they are involved. This has an impact on morale, and when you have a situation where morale is high, you have people who are prepared to go the extra mile to satisfy the customer.

A focus on customer satisfaction also leads to working directly with customer groups to bring about continuous improvement. We interact with people to ascertain whether or not they feel satisfied, so as to find out if they are getting the right level of service from our organization. For example, in our planning or building approvals area, we often invite consultants, architects, and planners to meet with us to ascertain whether or not the processes we have in place are meeting their expectations.

As cities grow into megacities, as we start to see economies prosper, people want a greater say in the way their municipalities are managed. They expect and deserve better levels of service than in the past. This is a challenge for all municipal

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authorities throughout the world. By developing a good customer service model, emphasizing that customers are important, we will achieve much.

### **B. CREATING A CUSTOMER FOCUS IN CITY GOVERNMENT**

**Jesse M. Robredo**

*Mayor, Naga City*

*President, League of Cities of the Philippines*

#### **1. Introduction**

In my presentation today I will focus on our four successful innovations in Naga City.

- Presenting and communicating a vision
- Sharing the vision
- Reinforcing the vision
- Overcoming resistance

The situation in Naga was not ideal when I took over as mayor in 1988. To some extent, the situation at that time represented the Philippine political culture which is founded on certain oriental values. For a very long time, political power had been concentrated in the hands of few families who managed to sustain it by dispensing favors under a system of patronage. The concept of *utang na loob* (debt of gratitude) is very pervasive, its effects able to span generations. It is reinforced by other values, such as *hiya* (shame) and *pakikisama* (fellowship).

But there were some perceptible changes in this culture. The present Philippine Constitution frowns on political dynasties, which leveled the playing field to some extent, encouraging and enabling newcomers to join politics and share power with the entrenched families. The preponderance of competing candidates, including those from the

political families in Naga, is the main reason that I was able to win the election as a minority mayor in 1987.

## **2. *The Productivity Improvement Program***

### *a. Beginnings*

Initiating municipal reform is difficult, especially for a new administration. But when we reassessed the whole situation, we saw crisis-like circumstances that actually offered an opportunity to introduce radical changes.

We initiated a series of confidence-building measures. The entire local bureaucracy was reorganized, starting with a comprehensive examination that all employees underwent. Many thought it was just a joke. But to their consternation, and to the relief of demoralized but competent workers, results of that examination served as the basis for placement and ranking of employees depending on their skills and aptitude.

At the same time, we felt that our people — whose average take-home pay was the lowest among the cities of the Bicol region — should be better compensated to boost their morale and efficiency. To address this, we provided the following:

- a 10-percent across-the-board increase for rank-and-file employees, effective immediately;
- a 10-percent increase in the salary rate of department heads, effective immediately;
- a 200-percent increase in the monthly cost of living allowance, effective immediately;
- P1,000 cash gift to all employees;
- a 13th month's pay to all employees at year's end;

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- P758,000 to cover deficiencies in salaries for 1988; and
- P249,000 to cover the terminal leaves of all officials and employees.

These efforts might seem a pittance by current standards. But money value was beside the point. The point was to convey the message that the new leadership cared for the welfare of its employees. And it paid off handsomely, firmly securing rank-and-file support and cooperation for our programs and projects. Capitalizing on the restored morale of our people, we then proceeded to implement measures aimed at professionalizing the employees and upgrading their knowledge and competence.

- To ensure justness and fairness in the system of promoting employees, we formed a Promotions Board where, aside from the traditional members, the president of the Naga City Government Employees Association was given a seat for the first time.
- We devised schemes that gave due recognition to outstanding achievers to inspire them to go to the limits of their potential. This led to the institutionalization of an annual awards scheme for employees.
- We meted out punishment to erring employees and officials, always guided by the precept that 'public office is a public trust.'

All these served as critical foundations for the conceptualization, implementation, and institutionalization of our Productivity Improvement Program (PIP). PIP focuses both on employee empowerment (people change) and improvements on systems and procedures (systems change) to improve the quality and quantity of frontline service delivery.

Primarily, it seeks to transform local government employees into genuine public servants driven, not by rules and regulations, but by vision and mission. To buttress and sustain this transformation, the program focused on improving systems and procedures, fine-tuning them to the needs, problems, and aspirations of the people.

Thus, against the backdrop of perceived incompetence and inefficiency in government, we sought to demonstrate the opposite. By always aiming to please, and putting our clients, the Nagueños, first, we not only showed that government could work, but that we could do it better! Consistent with our vision to give Nagueños the city they deserved, we sought to establish City Hall as a center of excellence, and to sustain it over time by instilling a culture of excellence in the bureaucracy.

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### *b. Objectives*

Conceptually, PIP tackled the problem of how to bring about adequacy, efficiency, effectiveness, and equity in the delivery of public services amidst competing sectoral demands. Specifically, it sought to attain the following goals:

- to set response time in the delivery of services to its barest minimum;
- to pursue specific projects and activities aimed at inducing and sustaining peak productivity levels in all departments and offices;
- to encourage employees to come up with viable ideas and suggestions to further improve productivity;
- to constantly upgrade the skills and competence of employees through the regular conduct of seminars, workshops, training, and similar activities;
- to institutionalize a cost reduction system; and

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- to set up a feedback mechanism for the public.

### c. *Operational Activities*

To operationalize the program, we implemented the following projects and activities.

- *Productivity seminars.* Seminar and workshops on various productivity enhancing techniques and methodologies were conducted for every department and working unit. Among the topics taken up were techniques of office management, action planning, and time management.
- *Contract of deliverables.* Each department and work unit were required to post in a conspicuous spot within their offices a list of the frontline services they performed, the personnel in charge of each service, and the minimum time needed by that personnel to complete each specific task.
- *Very Innovative Person (VIP) Project.* To generate suggestions on how to improve systems and procedures, and to cut down on operating costs and waste, the VIP project was conducted annually. This contest among City Hall employees featured rewards for winning suggestions. It is estimated that the city government saves P1.5 million per year by implementing suggestions that came out of the VIP project.
- *Semestral surveys.* To generate feedback from employees, a semestral survey among employees was also conducted using a simple questionnaire randomly distributed by the PIP Committee. The questionnaire asks what they think of the PIP and how it affects their daily

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working processes.

- *Weekly Management Committee meetings.* A weekly meeting of the city's Management Committee was conducted every Monday, presided over by the Mayor. The Management Committee consists of department heads, chiefs of offices, and responsible officers for independent working units of the city government. It enables the middle managers to report directly to the Mayor on a weekly basis of progress in each department/office, determining, in the process, the inroads made by the program in the day-to-day operations of the local government unit.
- *Institutional feedback mechanism.* To enhance monitoring and evaluation, the PIP Committee, in close coordination with the *Lingkod Barangay* (one of the city government instruments with direct links to the *barangays*, or neighborhoods), conducts mid-year and year-end surveys to determine how people assess the quality of frontline services delivery.
- *Productivity Improvement Circles.* At the department and working unit levels, the establishment of Productivity Improvement Circles was encouraged and promoted among personnel performing related functions. It seeks the best way to evaluate current working conditions by obtaining suggestions from each department of ways and means for improvement. The best-performing Circles are recognized at year's end.
- *Annual Search for Outstanding Employees.* Every year, the Naga City government culminates with the search and recognition of

outstanding departments, officials, and employees. Most often, it coincides with City Hall's Christmas party, where winners of various PIP contests are also announced.

- *Employees Day.* To strengthen teamwork and promote camaraderie, the city government also holds an interdepartmental summer sports fest. It culminates with City Hall's traditional Employees Day, which is dedicated to the rank-and-file every summer that features, among other events, a beach outing.

### *d. Challenges and Obstacles*

As expected, the program encountered obstacles, the most significant of which was the process of accepting change — where old attitudes and bad work ethics had to be discarded. Apathy, emotional resistance, and insecurity were the usual reactions.

The employees themselves were the strongest critics of the program because it upset convention — from mere fence-sitters, they were now expected to share in many management prerogatives like decisionmaking and goal-setting. Usually, criticism comes in the form of passive resistance to innovative approaches, absurd treatment of new ideas, or open support for the status quo.

At present, only a few critical voices still linger among City Hall employees. The criticism stems mostly from employees who fear that in the ongoing process of change and transformation, they may literally or figuratively be swept away. But once they realize that their fears are baseless, the criticism will, sooner or later, fade away.

### *e. Success Indicators*

How effective is the PIP in changing the way we do

things in Naga City? I would say it is nothing short of revolutionary. Consider the following indicators, both in terms of the quality of service as well as the innovations spawned in the process of further improving the quality of delivery.

In terms of service delivery, our people attained dramatic improvements in response time, service coverage, and cost efficiency. Here are eight examples.

- i. *Child welfare.* With its City Health Office in the forefront, Naga emerged as the most consistent top performer among 62 Philippine cities in advancing children's welfare. According to a 1994 progress report of UNICEF and the League of Cities of the Philippines, it figured prominently in 7 of 11 major indicators for child survival, protection, and development.
- ii. *SMART.* The project included the introduction of honors classes and computer subjects in the curriculum, the establishment of four additional high schools, and other quality-enhancing programs. Project SMART enabled Naga to top the Bicol region in achievement among high school students for the first time. In addition, the establishment of one model city day care center and 24 *barangay* centers since 1988 brought the total to 54 — all of them now using the Montessori approach to early child care and development.
- iii. *Urban poor program.* Led by the lean but mean Urban Poor Affairs Office, Naga evolved the Philippines' best urban poor program. Its *Naga Kaantabay sa Kauswagan* was cited as one of the Top 40 Best Practices by the United Nations during the Istanbul City Summit in June 1996. In addition, it was featured twice in the Cities

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Sharing Workshops and an international gathering in Surabaya, Indonesia. Naga was also visited by Indian local government officials.

- iv. *Hospital care.* With the Naga City Hospital at the forefront, the city registered a 382-percent increase in number of patients treated for a total of 70,362 patients or 193 per day in 1996 (from only 10,800 total or 40 patients per day when it began operating in 1991).
- v. *Garbage collection.* The General Services crew dramatically increased its garbage collection efficiency from only 31 percent in 1990 to 85 percent last year. The crew expanded its coverage area from two to eight major subdivisions, and hiked its frequency of trips from twice a week five years ago to daily collection in the central business district.
- vi. *Cost Reduction.* All these initiatives were complemented by cost reduction efforts under the PIP. For instance, the VIP scheme contest among city hall employees enabled the government to save around P1.5 million annually.
- vii. *Income generation.* Led by its City Treasurer's Office and employing practically the same staff complement, Naga's income last year hit a remarkable P163.4 million. Of that amount, P62.8 million was locally generated, a 376-percent improvement over the 1988 level of only P13.2 million.
- viii. *Government spending.* Finally, city government budgeting over the past three years proceeds from a given that maintenance and other operating expenses of all departments will remain at their 1991 level,

notwithstanding the city's rapidly increasing annual budget. Thus, while City Hall's per capita spending on social services zoomed from P65 in 1991 to P323 in 1995, and on economic services from P225 to P8,411 during the same time span, its per capita administrative expenditures last year actually *dropped* to P216 from P219 in 1991.

For its effectiveness and originality, PIP was adjudged one of the country's Ten Outstanding Local Government Programs in 1995. Naga also received the *Galing Pook Award*, which has become the country's most prestigious award for local government. PIP also gained international attention when it was featured during the International Conference on Governance held in Manila in October 1996.

### **3. Replicable Innovations**

Our effort to sustain and cultivate a culture of excellence at City Hall spawned a large number of local programs recognized nationally and internationally for their innovativeness. These include the following.

- i. *Naga Kaantabay sa Kauswagan*. This program is Naga's unique and highly effective response to squatting, a symptom of the urban poor phenomenon plaguing urban centers worldwide. The program was another *Galing Pook* awardee and most recently adjudged during the Istanbul City Summit as one of the Top 40 Best Practices the world over. Its strength comes from the fact that given our limited resources, we decided on a strategy of focus (mass homelot acquisition over mass housing), developed creative approaches to facilitate homelot ownership, and in the

process forged a tripartite approach that worked wonders in settling tenurial issues.

*The program pools the efforts and resources of local government units, the private sector, and national agencies and focuses them on projects that address the immediate needs of the residents.*

- ii. *Metro Naga Development Program.* In 1994, this program was recognized for its uniqueness and refreshing originality as a pioneering exercise of the 1991 Local Government Code provision encouraging cooperative undertakings among local government units. Reduced to the simplest terms, the Metro Naga Development Program is a highly effective exercise in resource pooling. Guided by the principles of resource complementation and role definition, the program pools the efforts and resources of 13 local government units, the private sector, and national government agencies in Camarines Sur (Naga City's province) and focuses them on projects and activities that address the immediate needs of the Metro Naga constituency. In the process, it lays the groundwork for balanced, long-term growth of the area by operationalizing a scaled-down integrated area development framework, capitalizing on the strong urban-rural linkage between Naga and its neighboring towns. The program also serves as a mechanism for channeling resources from various sources.
- iii. *Emergency Rescue Naga.* The third of Naga's three *Galing Pook* winners (1994) is Emergency Rescue Naga, a program that addresses the urgent need for fast, reliable service in times of emergency. Inspired by Rescue 911, it optimized the in-house capabilities of the Naga City Hospital, which serves as the program's headquarters and operations center. Like the Metro Naga Development Program, Emergency Rescue Naga features highly successful community resource mobilization.

By mobilizing the combined resources of the city government, the police and fire departments, the local association of *barangay* councils, government and private medical and educational institutions, radio stations, local amateur radio groups, and private medical volunteers, Emergency Rescue Naga provides the following services to Nagueños around the clock.

- Emergency rescue and transfer
- First aid
- Ambulance service
- Quick police response
- Traffic control
- Firefighting
- Promotions
- Disaster preparedness and control

Emergency Rescue Naga effects coordination among participants primarily through the use of VHF radio and a telephone hotline, enabling the program to attain a 3-5 minute average response time within the city proper, and 30 minutes for the farthest mountain *barangays* some 17 km away.

- iv. *Naga SPEED*. While the Metro Naga Development Program focuses on economic objectives, the *Kaantabay sa Kauswagan* and Emergency Rescue Naga on social concerns, the Naga Socialized Program for Empowerment and Economic Development (Naga SPEED) concentrates on political empowerment. Naga SPEED is a revolutionary mechanism for maximizing people participation in local governance.

Naga SPEED is unique for laying down multiple channels through which specific sectors, groups, or the entire constituency can

participate in identifying developmental priorities and stamp their mandate or disapproval on major policy issues. As a result, it addresses the need by a local government unit to have its programs supported by its people, and to implement projects and activities. An innovative component of Naga SPEED that sets it apart from other consultative mechanisms is its pioneering use of the referendum as a local tool for people empowerment. Indeed, Naga City was the first local government unit in the Philippines to hold a referendum under the aegis of the 1991 Local Government Code. Through this mechanism, the people adopted three crucial policy measures that have far-reaching effect on the future of the city.

In the process, it has mainstreamed the so-called silent majority — the unschooled, the poor, and the powerless — within the priority-setting and decisionmaking process of the Naga City government. Through Naga SPEED, these people, whose previous importance to government officials rose and waned with elections and who had never before been asked to express their views on government policies, were finally given a niche in local governance.

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- v. *City Government Computerization Program.* In 1993, we began implementation of the Naga City Government Computerization Program. Tapping the resources of a local university, this in-house capacity-building program sought to harness the powers and potential of computers as a management and productivity tool in a local government setting. This enabled the city government to develop no less than 17 computer applications in various areas of local governance.

- vi. *Naga Early Education and Development (NEED) Program.* The city government implemented a comprehensive program that sought to provide quality, equitable, and accessible education at the preschool, elementary, secondary, and tertiary levels. This program is innovative because it redirected existing disparate education programs of the national government into one cohesive and comprehensive whole, thereby putting sense and logic into the local education system.

At the preschool level, NEED effectively evolved an early education program for all preschoolers in the city, including those with disabilities. NEED worked out of the traditional day care services of the Department of Social Welfare and Development, combining the old custodial care with Montessori-type preschool education.

At the elementary and high school levels, the city government upgraded the quality of instruction to be at par with private schools by implementing the SMART project. NEED improved the pupils' proficiency in science and mathematics, established honors classes, introduced computer literacy into the curriculum, and established Naga City Science High School plus four other high schools.

At the tertiary level, the city government implemented the pro-poor *Iskolar kan Ciudad* program that gave out scholarships to deserving but financially distressed college students.

- vii. *Ecological Solid Waste Management Program.* To better manage local waste, we launched this program late in 1995 to focus on zero-waste management, the first of its kind in the entire country. The innovation here stems from

accessing existing waste management technologies and applying them locally. The project was implemented to improve local solid waste disposal, make the whole process more earth-friendly, generate employment, and address the rapidly diminishing capacity of the city dumpsite.

Presently, around 30 percent of solid waste generated daily in Naga City is being sorted and recycled. Compost fertilizers are already being produced at the dumpsite. And the technology, first piloted at the Naga City Public Market, is being replicated in surrounding *barangays*. Impressed by this initiative, the Department of Environment and Natural Resources pledged support to the project.

- viii. *Government-NGO partnership.* One secret of Naga's success, one that we take great pride in, is the presence of a strong local network of partners from both government and nongovernment organizations (GOs and NGOs) as well as people's organizations (POs). This partnership draws its strength from progressive elements in the political spectrum. Through the institutionalization of SPEED and the Naga City People's Council, an umbrella organization of NGOs and POs in the city, we have drawn active multisectoral participation and stakeholder participation in local governance from local communities in Naga.

#### **4. Conclusion**

The following six observations stand out concerning our involvement with PIP.

- *Improving the quality of service delivery should be a fundamental goal of any change process in the public sector.* This stems from the

general perception of the relative incompetence and inefficiency that typifies public service. Disproving this is a big challenge for government leaders.

- *Efforts to improve quality of service delivery should be consistent with the leadership's vision and strategies for the change process.* The success of improving the quality of service delivery is predicated on how the leadership introduces and manages change. Success in this area is largely a result of how a leader communicates his vision, the extent to which the people share that vision, and how he/she reinforces the mandate with confidence-building initiatives.
- *Improving productivity as well as the quality of service delivery should focus both on people and systems.* One will not work without the other.
- *Local governments can succeed in improving the quality of service delivery.* Compared to national government agencies and instruments, local government bureaucracies are small in size, work for a smaller clientele, and are therefore more manageable. Further, they are not resource-intensive since the focus is on maximizing the potentials of people and improving systems and procedures.
- *Successful innovations are built on partnerships, particularly with local NGOs and POs.* This is a common underlying theme to all our successful programs, from Naga SPEED to the People's Council. As with all other successful innovations, it affirms the reality that government cannot do what it sets out to do on its own. Sharing skills, resources, and responsibilities with partners is essential.

*The success of improving the quality of service delivery is predicated on how the leadership introduces and manages change.*

- *Over time, government should move toward being development coordinators rather than 'do-it-all' service providers.* This is a corollary to the above. We should recognize that in the emerging economic order of globalization, the only way we can compete is to specialize. Certainly, government resources will not allow us to do everything. A proper response is to focus on functions that government does best, leaving the rest to its partners. When government assumes the role of a development coordinator it cannot abdicate its governance function.