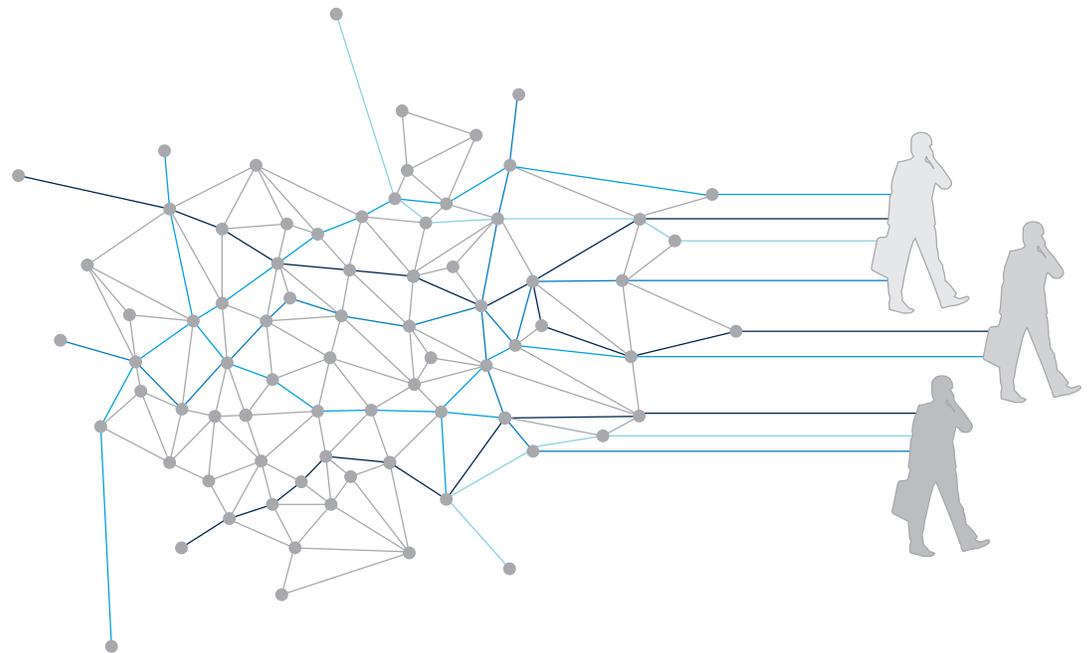Egon
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Smart Telecom, Smarter Leadership
Talent Strategies for the Age of Better

The successive waves of revolution in the telecom industry have always been about more: more network coverage, more devices, more features, more processing power, more apps. Today, it's about better: better understanding of customers, better fulfillment of their needs, and better end-user experience. It's no longer simply a question of superior technology, but of finding ways to deliver higher-value solutions to customers in the new competitive spaces opened up by the convergence of social media, mobility, and the cloud. Identifying and executing the requisite strategies will require talented leaders with some highly specific – and hard-to-find – leadership competencies.
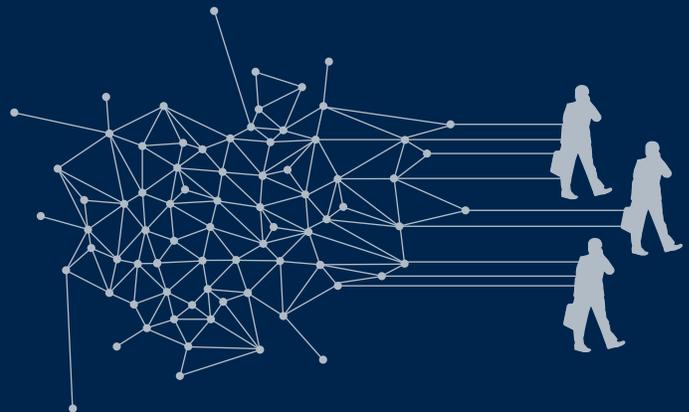
In the mobile telecommunications industry, the Age of More has come in three successive phases. In the first phase, competition was based on network coverage – on who had more towers in more places and wider roaming. Carriers worked hard to expand their footprints and eliminate dead zones – a goal captured most memorably in Verizon's highly successful "Can you hear me now?" campaign. The goal was realized in the U.S. with the emergence of the "big four" operators – Verizon, AT&T, Sprint, and T-Mobile – through a series of mergers and acquisitions that winnowed the competition.

In the second phase, competition turned on devices with more features and more processing power. Network operators raced to create more bandwidth to support these powerful devices and provide more speed to the end user. Network operators became defined by the devices that they supported on their networks. Customers migrated in droves to AT&T when it became the first carrier to offer the iPhone, and Verizon countered by scrambling to support the most Android models on its network. The phones themselves became critical as customers sought the most pixels crammed into the display, the best cameras, the most memory, and the greatest processing power.

Today, in the third phase of the Age of More, focus has shifted from the devices to the applications that run on them. Smartphones are ubiquitous. According to Nielsen, nearly half of adults in the U.S. own one, and AT&T no longer has exclusivity with the iPhone. Given the availability of many high-end devices, consumers are more interested in what they can do with a device than in its technical features. Initially, consumers were spellbound by the ability to access the web on their mobile devices. The focus has since shifted to high performance applications tailored for specific functions and purposes. According to a 2011 study by Nielsen, average Android smartphone users spend twice as much time using apps as they do accessing the mobile web. In this environment, original equipment manufacturers – and Apple in particular – have seized the lead by successfully cultivating developer communities and creating application stores with hundreds of thousands of apps – unlike operators, who failed to gain any significant traction with their apps efforts. In short, telecom operators focused on operational assurance and maintaining the status quo of a complex system of processes (Figure 1).
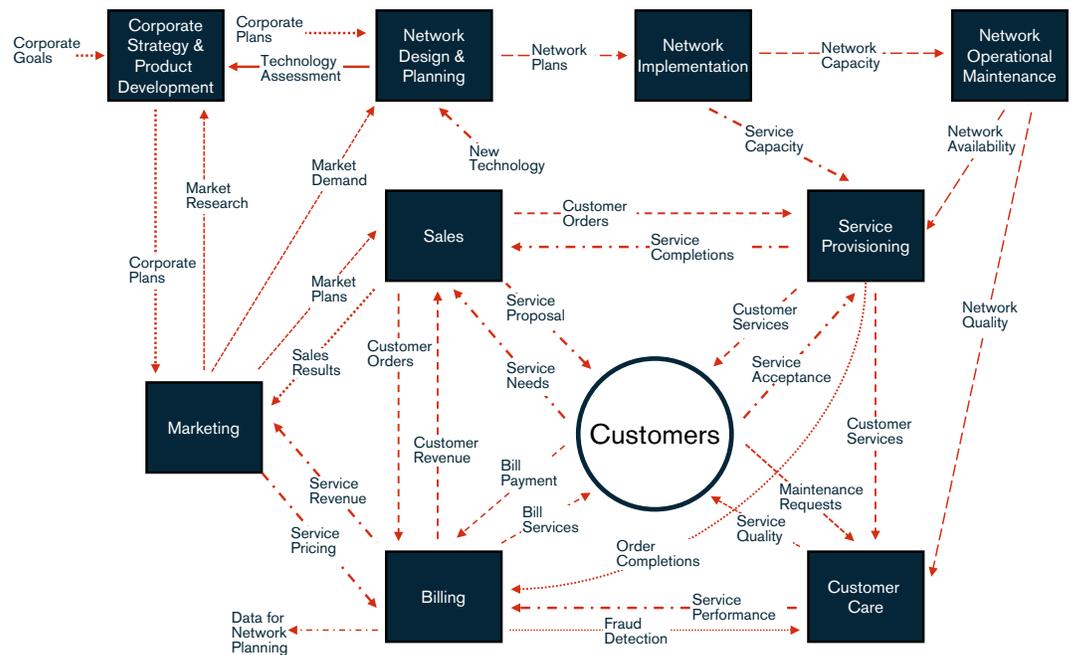
Figure 1 **The Age of More: Complex System of Processes**

Moving To the Age of Better by Focusing on Consumer Needs

While applications currently dominate the wireless ecosystem, another great change looms – the shift from more to better – as social media, mobility, and the cloud converge to focus on the consumer. With social media creating vast communities of end users, mobility empowering them, and the cloud providing a core technology that creates a consistent and timely user experience, these convergences offer industry players of all kinds opportunities to identify unmet customer needs and open new competitive space (Figure 2). Winners in the Age of Better will triumph not because they have more network coverage, devices, or apps, but because they can effectively blend services and tailor solutions to meet the needs of individual consumers and enterprises.

This convergence could unfold slowly in the vast telecom sector. Many companies may be disinclined to change. But some, at least, will be stirred by the profound competitive advantages they may gain as first movers. Service providers that successfully harness the full potential of social, mobile, and cloud – as well as other technological advances – will be able to offer customers completely customized solutions that provide highly differentiated value. The ability to target specific segments of consumers or more quickly craft solutions for businesses will also enable some telecom players to compete with more traditionally service-oriented players in the enterprise and big data spaces.
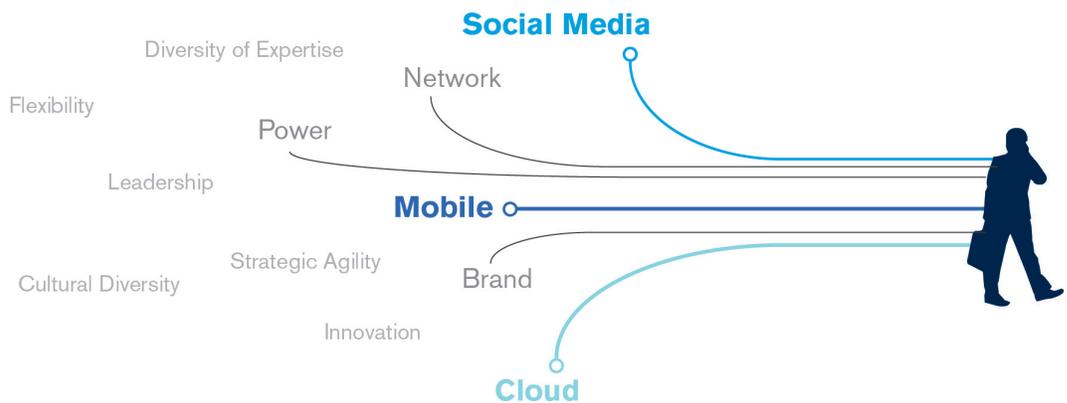
Figure 2 **The Age of Better: Convergence**

When contemplating this shift, the obstacles loom as large as the opportunities. How, for example, will traditional telecom players, built around providing subscription-based utility-like services, leverage something so radically new as cloud computing? How will they garner the trust of business and consumers alike in order to displace perennial software providers in the big data storage and analytics space? Who has the breadth of knowledge to make the company's solutions the best fit for the larger, ever more complex systems of which they will be a part? Above all, who will interpret all that complexity to make sound strategic choices?

Fundamental Levers

To effectively target end users and create new value added services, Telecom executives must optimize three fundamental, highly interdependent levers:

1. Diversity of expertise. Telecom professionals tend to specialize very early on, choosing, for example, connectivity (wireless or wire-line), core transport technology, or, more recently, software development. As a result, individuals who possess a deep understanding of multiple engineering disciplines – as well as cloud based services, and the like – are extremely rare. And with every part of the technology landscape in flux, no individual can keep pace with all that is applicable, valuable, and relevant. That makes diversity of expertise, experience and perspective imperative. To fully leverage cutting-edge technology, telecom executives must forge cohesive, high-performing organizations that effectively blend diverse talent from multiple disciplines and backgrounds.

Companies are pursuing the creation of high-performing organizations through a number of avenues. For example, some telecom companies are now realizing the power of the brand as the way to access the consumer, grow business, and ultimately add value in the market. They have recognized branding, marketing, and the ability to change customer perceptions and win mind-share must become core competencies of the organization.   More and more companies are focusing on researching trends, segmentation, and consumer insights as a way to grow the business – redefining the role of the Chief Marketing Officer (CMO). Today's CMOs must thoroughly understand analytics, data mining, and cloud computing. Through a strong liaison with the Chief Information Officer, they must tap into customer trends and be able to follow them in real time, as they develop. And they must use all traditional and non-traditional promotion and campaign channels effectively and simultaneously, from public relations to event marketing, online, and mobile. In this vein, several telecom companies are achieving even greater diversity of experience by entrusting their futures to executives who – though lacking specific experience in telecom or sometimes even in the technology sector – are proven visionaries, magnets for great technology talent, and inspirational leaders. Clearly, some are already moving to compete in a fast-changing world.

2. Culture. To integrate diverse talent, telecom companies must evolve toward more open, collaborative cultures that intrinsically value creative freedom, dissimilar perspectives, and far-reaching innovation as much as they have traditionally valued predictability and conformance to specifications. What would such a culture look like? No one can say for sure. It would be both overly simplistic and grossly insufficient to suggest: "Telecom companies must become like fast moving consumer goods companies." Simplistic, because a telecom company cannot simply transform its culture into one that stems from a completely different tradition. Insufficient, because the telecommunications sector's future will demand organizational capabilities beyond those currently possessed by any consumer goods or electronics company.

At a minimum, telecom companies must learn how to work at a much faster pace. That means, in part, evolving from today's relatively regimented organizations into more free-flowing entities that support concurrence of engineering, project management, sales, and service. Carrier cultures will also need to expand their risk tolerance, more readily accept constructive mistakes, and resist the impulse to reject breakthrough thinking as impractical and unrealistic. The most adaptive company cultures will balance their traditional emphasis on execution with the new imperatives of fostering speed and creativity, nurturing the many different kinds of talent required to actualize convergence, and creating the cohesion to make it all work together.

This is not to suggest that the transition from a culture primarily focused on operating efficiency to one that is also nimbly adaptive, innovative and smart is simple or easy. Avoiding, or at least surviving, the potential death valley between two such markedly different cultures requires vision, courage, and a sustained focus on results – as the company must continue to perform throughout the transition.
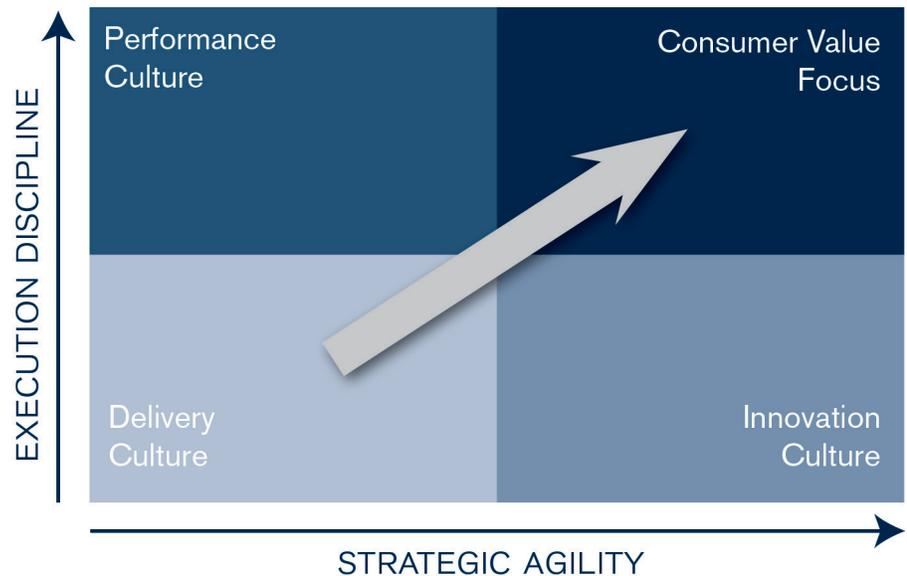
Figure 3 **Driving Higher Profits through Culture Evolution**

As convergence unfolds, a performance culture could transform the earnings paradigm. Certain telecommunications companies have applied vision, daring, and discipline that have led to adding a percentage point per annum to their operating profit during the past decade, despite some historically adverse economic cycles, while logging comparably solid sales growth in relatively mature, slow-growth market sectors. Convergence could compound growth differentials in both sales and earnings dramatically. Telecom companies with consumer value cultures – that is, with strategic agility and execution discipline coupled with strong innovation leadership – will then be positioned to grow their market capitalization outpacing their industry peers (Figure 3).

3. Leadership. Because the changes required for carriers to effectively advance into the smart telecom age start at the top, leadership might rightfully be called the most fundamental lever.

Traditionally, carriers have been led by executives whose priorities are client interface, technical excellence, differentiated quality, and steady incremental gains in subscriptions and value-added services. As convergence disrupts the sector, telecom company executives will be compelled to pursue a wider array of objectives and to demonstrate a broader range of leadership strengths and values (Figure 3). In the midst of technological revolution, operational excellence will no longer suffice. Rather, telecom executives must shrewdly and insightfully determine how their own company will get out front in the Age of Better.

INCREMENTAL   DISRUPTIVE

Pragmatic	⟷	Visionary
Standard Service	⟷	Highly Customized Products
Execution Driven	⟷	Strategic
Specialization	⟷	Diversity of Experience
Manages People, Scope, Budget, Projects	⟷	Inspires Innovation & Builds Communities

Figure 4 **Leadership Values**

In addition to grappling with the many new strategic implications, telecom executives must learn to be increasingly tolerant of people who think and do things differently. Most leaders will be challenged, sooner or later, to reengineer their organizations to reward more risk taking and innovation, more fully develop internal talent – by exposing them, for example, to more parts of the disruption, creation and innovation process – and increasingly empower people to pursue disruptive innovation. That means, in part, leading by values versus control – that is, building the "right" behaviors into the company's DNA, then stepping back to give creative people the freedom they need to be happy and effective in their work.

In short, telecom executives must grow as leaders. Serious leadership growth begins with awareness that the status quo is less than ideal in the present and may prove untenable in the future. Both are now true for much of the sector. Forward-thinking telecom leadership teams will view themselves with fresh eyes, and will be both curious and open minded in weighing the practical implications and ramifications of convergence.

Critical Leadership Competencies

As more and more organizations adopt a sharper focus on the customer and move into the products, services, and businesses the Age of Better demands, they will be challenged to make sure they have the right talent. Functional competencies, even when more broadly defined, won't suffice. They must be complemented by leadership competencies (Figure 4). In the past five years we have conducted more than 25,000 appraisals of VP, SVP, and C-level talent and their external benchmarks. These appraisals provide a wealth of insight into the critical leadership competencies required to succeed with the kind of transformative strategies needed to win in telecom. The competencies leaders will need include:

COMPETENCY		
Business Leadership	**Results Orientation** Driving improvements of business results	
	Customer Impact Thinking about serving the customer	
People and Organization Leadership	**Collaboration and Influence** Effectiveness in working with peers or partners not in line of command	
	Team Leadership and People Development Focusing, aligning, and building effective groups	
	Change Leadership Driving change through people, transforming and aligning an organization in a new direction	
	Developing Organizational Capability Developing competencies of the organization by attracting top talent and developing teams	
	Inclusiveness Bringing together people of widely divergent persepectives to produce great business results	
Thought Leadership	**Strategic Orientation** Thinking beyond own area and showing complex analytical and conceptual thinking abilities	
	Market Insight Strong understanding of the market and how it affects the business	
	* dark blue competences are critical in this transition	

Figure 5 **Leadership Competencies critical to this transition**

Strategic Orientation: Customers don't care about infrastructure or access; they want solutions that meet their unique needs. Powerful new competitors like software, cable, and web players are further challenging the strategic equation. Who thrives in such a world? The open, the externally-facing, the quick, the agile. That's a real challenge in an industry where enormous long-term capital expenditures and a still firmly entrenched legacy mindset impose a strategic straightjacket.

Change Leadership: Adopting new ways of working can be difficult. The best companies bring current personnel along while integrating fresh perspectives. At the highest level, such companies create a learning culture that can test and try new approaches, tolerate occasional failure, and continually adapt to change.

Team Leadership and People Development: Talent is the ultimate game-changer. Providers must be able to create a strong, diverse, and cohesive team, recruit and retain top talent, and develop high-potential talent through stretch assignments and strategic succession planning.

Collaboration and Influence: The days of command and control management are over. A customer-facing organization, rich in talent and intent on moving into new competitive space in the world of social/mobile/cloud convergence, requires a culture of collaboration. Facing a whole new breed of competitors and new terms of competition, providers need the innovation that thrives in such cultures; and today's talent, for whom telcos are vying, expect such a culture.

Results Orientation: The methodical build-out of networks during the Age of More honed a project and quality discipline in telecom leaders that will serve them well, provided that they shift their focus to metrics that measure and motivate a solutions and end-customer focused business. They should invest the time to understand and communicate what success and its underlying drivers look like and then put in place the processes and measures that imbue the culture with a clear sense of purpose.

How to Compete and Win on Talent

In a rapidly changing, increasingly competitive, insight-driven, and solutions-centered business, telcos can do three things to ensure that they have the right mix of competencies:

Assess existing talent: Whether the business needs a major overhaul in strategy or just a candid assessment of its ability to compete going forward, it will need a clear set of key competencies to execute successfully. The organization not only needs to understand that inventory of competencies but also to understand what level of competency, both in individuals and collectively, will be required. An objective appraisal of the company's team on both dimensions reveals where the gaps lie, provides a developmental roadmap for the organization's high-potentials, and depoliticizes evaluation and career progression.

Create a culture that attracts and retains talent: With the competition for top talent more intense than ever, telcos must strive to create a culture that enables people to grow and to contribute to the company's success. It's not simply a matter of compensation, but of offering the kind of professional opportunities and challenges that talented and ambitious executives seek – and that the convergence of social media, mobility, and the cloud offers. That means a culture marked by diverse leadership freely exchanging ideas, a high-velocity learning environment, and an embrace of agile, creative, intuitive thinkers who are intensely customer-oriented.

Consider 'best athletes' from outside the industry: The pool of potential talent should not be restricted to candidates from the telecom industry. The marketing, branding, and customer-facing skills that telecom need might be found in fast-moving consumer products, web-based startups with innovative ideas, and service intensive industries and should not be overlooked.

Telcos have always had a network operator mindset and have been understandably proud of the state-of-the-art communications infrastructure they've built. But the days of simply providing a transport pipe have long passed. No matter where your company falls on the spectrum of players, the age of the consumer and its new terms of competition present a stark choice: transformation or slow death. Visionary leaders in the industry understand that their mix and level of talent will be the single most important determinant of success. Networks do matter. Products matter. Services matter. But ultimately, with social media, mobility, and the cloud becoming more integrated than ever, what will matter most is the talent to make new business models work.

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