

## WITH DISRUPTION AHEAD FOR U.S. TELECOM, IS THE RIGHT LEADERSHIP IN PLACE?

### Diversified Search Managing Directors, John J. Keller and Michel Deschapelles, Discuss the Dramatic Changes Underway in the Telecommunications Sector



John Keller

*Next generation telecom leaders will be multi-faceted. As the status quo is no longer a viable business plan, telecom executives will be compelled to pursue a wider array of objectives and to demonstrate a broader range of capabilities and leadership strengths. From a skills perspective, telecom companies will need a leadership team with expanded expertise in cybersecurity, data management, marketing and branding, content development, and more. John J. Keller and Michel Deschapelles, managing directors leading Diversified Search's technology and telecommunications practice, serve clients who seek exceptional candidates representing a diversity of business backgrounds, gender, ethnicity, and strategic perspectives.*



Michel Deschapelles

*As a consultant and trusted advisor, John Keller has recruited major game-changers to lead, transform, assess and integrate some of the most storied businesses in the world—from global giants to industry pioneers and mid-market companies in tech, telecom and media. As a journalist, Mr. Keller was often the first to break major stories and lead team coverage in technology, media and telecommunications for The Wall Street Journal, BusinessWeek and other major business news and TV organizations. Prior to joining Diversified Search, Mr. Keller made CTPartners the fastest growing tech, media and telecom practice among the major global search firms. Earlier, he was partner at Spencer Stuart for 10 years.*

*Michel Deschapelles offers clients a distinctive combination of deep executive search expertise with an extensive business experience, having led enterprises in both growth and turn around environments. As a talent consultant for the past eight years, most notably at Egon Zehnder, Mr. Deschapelles has pioneered several initiatives that included helping clients across sectors and functions specially focused on their transformation and diversity efforts. Earlier, Mr. Deschapelles had a distinguished 10-year career at Lucent Technologies (now Alcatel-Lucent) where he held several leadership positions including president of Lucent Central America, Venezuela, and Caribbean.*

By so many outward measures, telecom in the U.S. is booming. Consumers are ever more committed to their mobile phones. Research from Deloitte reveals that 86 percent of mobile phone users check their phone within an hour of waking. They access ever larger quantities of data, video, and other content on their phones and they upgrade to ever smarter phones seemingly at every chance.

The mobile telecom sector today is nothing if not dynamic. According to research from industry trade group GSMA there are currently some 3.8 billion unique mobile subscribers, representing 60 percent of the world's population, up from 20 percent a decade ago. And McKinsey estimates that there is still a lot of connecting to do, with about one trillion machines that could be linked in the Internet of Things.

Amid this connection revolution, many telecom companies recognize the need to move away from counting new subscribers and instead refocus on new products and

services as a path to sustainable profit margins. This will require refreshed leadership teams with the strategic vision to identify and investigate new avenues for growth and customer service.

And yet, telecom companies that maintain a traditional network operator mindset are still at risk of missing out on these burgeoning business opportunities. Operational assurance, while important, simply does not excite today's customers. For consumers and businesses alike, the leading concern of the past—"Can you hear me now?"—has been replaced by: "I want it now, all of it." That means the best apps, entertainment, shopping, social media experiences, solutions products, and content management tools. User experience and the consumer "buzz" around that experience now reign supreme.

To profitably seize these opportunities and stay on the forefront of anticipating and serving developing customer demands, telecom companies need to creatively expand

their product and service offerings and effectively utilize new technologies. Leading these forward-looking initiatives into non-traditional areas for telecom companies will require a broadened and recalibrated leadership team. The new breed of telecom leader will possess a customer-centric, solutions-oriented mindset and bring new skills and fresh perspectives to the business strategy. And importantly, many of these leaders should come from outside the hallways of today's corporate telecom businesses.

In our experience, we understand that sometimes the status quo can present obstacles to an evolving organization as it pursues innovation and profitable growth. Innovators seek a diverse view of the talent options, confidential outreach, and informed, careful leadership assessment. This requires casting a wider net for those standout candidates, who are best prepared to help a company excel today and in the future.

Is your recruiting team providing a wide enough view of the talent marketplace to bring such change agents to your company? This is a question on the minds of many business leaders and their boards.

### **Profiles in Demand**

Who will be the telecom industry's next generation leaders, and where will they come from?

Next generation telecom leaders will be multi-faceted. As the status quo is no longer a viable business plan, telecom executives will be compelled to pursue a wider array of objectives and to demonstrate a broader range of capabilities and leadership strengths. From a skills perspective, telecom companies will need a leadership team with expanded expertise in cybersecurity, data management, marketing and branding, content development, and more.

Equally critical for these companies is the need for leadership that can guide the company forward, compete effectively amid new marketplace demands, and who can prove they have the competency to lead organizational change.

During our careers in executive search and as change consultants, we have identified a handful of leadership competencies that seem elemental to business success, especially during times of transformation. True change

leaders are adept and comfortable fostering the transformation process—and permitting the expected missteps along the way. An externally oriented mindset will keep this leader looking outward and around corners to detect trends and keep the company's strategic goals current. A commitment to talent development ensures that employees will be offered stretch assignments and opportunities to give the company their best. Leaders who are natural consensus-builders and influencers will further amplify the positive environment for employees, with high employee engagement and retention often the beneficial byproduct. And an emphasis on outcomes allows the company to measure its success and further instill a sense of purpose among employees.

Yet the most potent part of the next generation leadership profile may well be the ability to introduce new ideas and a redefined market outlook and strategic view. With this in mind, it seems clear that many next generation leaders will come from outside the telecom industry. Inserting talent from outside the industry can readily introduce new perspectives that will springboard from the company's legacy knowledge base. At the same time, these new leaders can bring diverse skills not traditionally needed in telecom, but certain to play a large role in the company's future.

These leaders will need the confidence and vision that makes them willing and able to break from the old business processes that worked in the telecom markets of yesteryear. They must be bold enough to rethink the future. They will be innovators. And despite the telecom industry's history of hiring from within, it is easiest to break the chains of the status quo when leaders come from outside the industry, with no knowledge of "how things have always been done." Looking beyond the telecom sector talent pool will allow companies to shed old habits and bring a broader skillset and invigorating ideas to the company's strategic outlook. Diversified Search is an experienced ally in identifying promising talent from unconventional sources, using a confidential process that provides thorough assessment of leadership potential.

### **The Power of Diversity**

In many ways, this is a talent management strategy to harness the power of diversity. Some market-leading

technology and telecom companies are leading the way in bringing diverse business backgrounds and perspectives into their business leadership. One such high profile move took place in 2014, when Apple recruited Angela Ahrendts, then CEO of Burberry, to serve as Senior Vice President, in charge of Apple's retail and online stores. At the time, Apple CEO Tim Cook said of the value this career fashion and merchandising executive could bring to the technology business, "[Angela] shares our values and our focus on innovation, and she places the same strong emphasis as we do on the customer experience."

Diverse cultural perspectives themselves often can be as valuable as diverse business backgrounds, especially when those culturally diverse executives can highlight differing habits and interests among targeted consumer audiences. In 2014, Carmen Nava was appointed to the role of senior vice president – customer experience and business planning, at AT&T Services. Active in the community as well, Nava also serves on the corporate advisory board of USC's Latino Alumni Association. With a 30-year career at AT&T that has spanned HR to external affairs to marketing, her broad perspective can help provide an edge in a deeply competitive marketplace.

Professionals with multi-disciplinary backgrounds are likely to offer more diverse insights to their companies than their single-discipline colleagues. There are a number of business-critical skills areas for telecom operators today for which the best talent is likely to come from outside the sector. Among them is data management, where some of the most experienced talent is found in software and start-up web companies, as well as in advertising agencies. Marketing executives from industries which traditionally have close consumer connections and many customer-facing roles often can provide the branding skills and customer insights that telecom businesses need to build stronger customer allegiances. Marketing professionals from the retail, hospitality, airline, and fast-moving consumer goods sectors often offer strong skills in this area. Executives from the manufacturing sector often possess valuable expertise in continuous improvement engineering applied within a cost-sensitive environment—a skill that is so relevant today as telecom suppliers serve up new products to cost-conscious consumers.

Simply put, leadership diversity in all forms has the power to inform, inspire, and propel a business forward.

### **Cultivating Culture Change**

Successfully navigating the business transformation demanded by the telecom markets today may require not only business restructuring for traditional telecom companies, but also a cultural transformation. In some cases, companies will need to transition from a legacy "delivery culture," such as a power or water authority, to one that is innovative from a product standpoint and above all, customer-centric. This transition is likely to take the company to a faster-paced business model, where the risk tolerance is higher and constructive mistakes are both anticipated and accepted. Collaboration will be emphasized as leaders with differing areas of expertise combine their talents to conceive and deliver value-added products and a refreshed customer experience.

A first step in this cultural transformation is the assessment of the company's talent capabilities, both in individuals and among teams. A gap analysis of needed skillsets and competencies can help create a roadmap for future talent development and team building.

Next, the transition to a culture that attracts and retains talent must be ensured. This will require cultivating an environment in which employees feel valued and able to contribute. Creativity and innovation must be regarded as equally vital to an organization as efficiency and cost effectiveness.

Finally, today's telecom players—so central to our world where everyone and everything is networked—need to look farther than the traditional telecom sector to find their best athletes who will inspire, shape, build their teams and product offerings, and guide their businesses to prosperity. These change agents will be able to tuck effectively into today's telecom businesses and cultures, and become valued change agents, ready to lead with new ideas, amid a fast-moving, dynamic marketplace.

Leaders with such intelligence and dexterity are available and ready to take on new leadership assignments, and deep, effective recruitment strategy and execution will entice them to take up your company's challenge.