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The changing times of the Telecommunications sector: an interview with Telecommunications, Media and Technology (TMT) sector specialist Leon Fisher

The telecommunications sector has seen unprecedented growth, going from infancy to market saturation within the past 20 years. What do you see as being the main characteristics of this sector?

"'Opportunistic' for me is the over-riding characteristic. It's a fast-moving environment with technologies constantly improving and developing. The businesses have been very successful at taking the functional capabilities that the technology affords and presenting this to the customer as a lifestyle choice – and doing this quickly. The continuous improvement and constant refinement both of product offerings and the subsequent customer proposition is impressive and these organisations have the infrastructure in place to take full advantage of this.

But the businesses themselves are also opportunistic and relatively interdependent. There have been some very effective business development strategies where partnerships have worked really well: think about the success of the iPhone that could only be used on the O2 network. That said, they're not very loyal partnerships."

And what do you see as being the impact of the current economic uncertainty on the sector?

"If there hadn't been the general economic slowdown, I'm confident that both retail and business customer businesses would have continued to grow but probably for different reasons. The downturn has seen the channels-to-market and markets themselves affected differently at different times. There was evidence probably around 12 months ago of the start of the downturn in the retail sector and this has now spread to the commercial b2b marketplace.

A retail customer is buying for his or her own leisure use: it's a lifestyle choice. Customers make purchasing decisions based on the brand and the functionality that they believe meets their needs. And, as it's a lifestyle choice, with less disposable income, people simply stick with their handsets for longer.

A business customer can now hold more applications one just the one 'gadget'. This 'functional convergence' has led to a growth in the value of corporate contracts as combined voice and data packages are created. This has meant that the b2b operations of the telecommunications businesses have moved into the 'managed services' arena – and it's a cost saving argument that secures their place on a shrinking supplier list. If the primary 'hook' is cost efficiency – after all, why not get emails sent to your salesforce's mobile phones when they are away from the office – then the secondary one is of sustainability as people no longer need to be moved around for meetings etc."

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You mentioned that the partnerships between organisations have been important. How does this sit with the need for competition and differentiation?

"The sector has a mix of organisations that 'compete' and 'partner' in different ways – and at different times. The convergence agenda has led *all* the major network operators to all head for the same b2b common ground of a managed services proposition that sits alongside their still product-led retail proposition. Most seem to be readying themselves for a battle using the more service-led propositions in commercial environments and domestic broadband and voice/data services."

So, will these partnerships start to dwindle as each player needs to look after its own interests?

"I think not – the partnerships are really important to offer the entire package to the end customer, whether it's retail or b2b. Whilst there is a sense of the big players getting ready for a fight, in reality there is considerable latency within business and retail customers and the cost and inconvenience of changing supplier should not be underestimated. The reality is that many large b2b customers adopt converged solutions only where and when it suits them, often looking no further than their incumbent supplier. In essence the relationship between a b2b customer and supplier may simply shift from one of transactional selling/buying to being more consultative."

This shift to more consultative work often requires a different set of skills, processes, infrastructure and so on. Is this the case within this sector?

"Certainly the business developers will need to learn more consultative skills and step up to the plate as they will need to invest in more long term, strategic involvement with their accounts. They'll need to demonstrate and prove capability in cutting costs and improving efficiencies rather than simply showcasing the new technology, iconic products and 'the next big thing'.

But I think exactly how these telecommunications businesses will differentiate themselves from the other players within this new converged marketplace has yet to be seen, particularly at a time when pairing up and partnerships are so common."

As you say, this is a sector not typically known for differentiating through people. What do you see as being the main people challenges they'll face?

"I see that there are three key areas in which these organisations will have to look at their people strategy.

Firstly, managers within this sector tend to be fast moving, pragmatic, technologically knowledgeable and, above all, 'people-people'. They're great to spend time with and it is clear that they are really good at building customer relationships. But their strengths are also their challenges: fast moving, pragmatic decision makers often neglect the wider perspective and there are a number of examples that come to mind where not all the available information has been factored in when decisions are made – with notable consequences. Businesses will need to create a learning environment where people can develop and learn to work and think in different ways.

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Secondly, the companies may be putting off talented individuals from applying or joining the organisation. This sector tends to be seen as hard working, which can mean to some people that is too much of a 'work hard-play hard' environment to appeal. I'm pretty certain that an industry that is undergoing such change will need to ensure that new blood is flowing through its veins, and will look to attract and provide a productive environment for talent from different cultural backgrounds and reflect different ways of working.

The third area where the people of an organisation can really make the difference is that of customer service – and I see this will be a key challenge for some companies. Someone once told me that telecoms companies are seen as being only one up from estate agents in terms of customer service. That's a fairly harsh thing to say but it probably reflects changes in customers' attitudes towards a commodity product that was once a rare luxury. But to be fair, it's not an easy thing for the companies to get right job and I can't think of many industries that have grown from nothing to saturation in 20 years.

For me there are questions around whether the organisations have genuinely invested sufficiently in their infrastructure to meet customer needs and whether improving customer benefit and value is driving their business strategies. They have clearly met the needs of their customers from a product perspective but have they really understood what their customers want in terms of support and service? It would be ironic if the pace of customer need actually outpaced their products."

From your experience, what do these companies need to do?

"Recognising that its people can make a differentiated contribution is a sound strategy: unlike infrastructure and products, you can prevent your people from becoming obsolete. But they now need to ensure they attract and retain the best people.

It's been widely reported in the broader HR press that most people look for personal and career development rather than pay rises or on-paper promotions and they'll be factoring this in when they look to move to a different employer.

In reality there is only a handful of businesses that have managed to invest and operate genuinely impactful and systemic academies to support development over a long period of time – and people tend to know who they are.

It's now a challenge to all players in this market space to look within and to develop their own approach to people strategy and work out how this sits alongside their business strategy. But without a doubt, it's a huge shift for both the organisation and the people alike."

So, how can they do this?

"It's fortunate that there has been a fair amount of research into how people learn and also how they respond and react to change. I've seen an increase in interest what we at Crelos call 'precision business psychology'. We draw together the best of the thinking about – and research into – human behaviour from across the various sciences. We then use this to plan, predict and then manage behaviour with our clients. This is exceptionally powerful when taking people on a change journey and our five-stage change model factors in these important steps. We've seen it prove itself time and time again to support major organisational change."

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