



Major Business Transformation for Survival A Case Study of a Major Telecommunications Operator in Africa

Incumbent telecommunications have long been seen as the dinosaurs of the ICT industry, often inefficient, bureaucratic, slow and unresponsive. Transforming such businesses either through internal pressures or in response to external threats and opportunities is always a challenge. The fact that these organisations tended to be ex-monopolies and often owned by the state, means the culture embedded within the organisation is very much “old fashioned” and the processes and systems often very much legacy and non-optimised.

This case study illustrates a case of an incumbent operator within Africa, who went through a business transformation exercise, using outsourcing as one of the key strategies.

The Scene

The incumbent operator, the 2nd largest in the country, split from national government owned posts & telecommunications operator in 1998 and was subsequently privatised two years later.

The incumbent provided voice, data, internet, both mobile & landline services and various IT solutions (e.g. disaster recovery and business continuity) and viewed itself as a total ICT solutions provider, however its performance did not quite deliver on its aspiration as being a leading provider of ICT solutions to the market.

The Businesses Problems

The business was under pressure to deliver on several fronts, each requiring dramatic change in the business. In 2006, the telecommunications market was opened up to full competition, and within a few months, an additional five national operators were licensed. The old monopoly incumbent would not survive in this world if it carried on with its old “business as usual” strategy.

Equity Returns

With the economy growing, investors expected better returns for their equity investment. Shareholding changed from the government to private investor, and in the process changed the behaviour of investors from long term to short term investment. Any suggestion that equity returns were under pressure would result in mass exodus, in a scale never seen before by the company.

Customer Requirements

As with most consumer products and services, the market for such products has become increasingly complex with ever increasing requirements for interaction and individualisation and consumers expecting providers to not only meet but exceed expectations in terms of service, value and customer service.

Competitors

The market was becoming increasingly competitive, with new lean and hungry competitors attacking what were lucrative markets. Pressure on prices was significant and the maintenance of margins was difficult and challenging.

Staff In a market with new significant entrants, pressure for attracting resources with appropriate skills and experience became very significant. Retaining talent within the organisation became central to the companies long term success.

Executives within the business expected the impact from opening the market to result in a price war, loss of customers and losing talented employees, as they moved to new opportunities created by the new licensees.

The Board realised that it needed to “Transform & Survive” or “Die”.

The Business Solution

The transformation called for a holistic strategy which linked people, processes and technology to deliver substantial business benefits.

People The business called for new skills, to face the challenges from competition and regulation, together with skills required to offer convergent and customer driven solutions.

The business undertook an analysis of the skills that were viewed as critical to support the customer centric strategy and face increasing competition. These included:

- Customer orientation;
- Competence in critical reasoning and problem solving;
- Collaborative working;
- Innovation;
- Empowered initiative.

Processes The business processes were very much aligned to the old goals and so relied more on human interaction rather than automation. The business understood clearly that it needed to introduce efficiencies including:

- Fewer Inputs;
- Better Quality Outputs;
- Customer Centricity.

Technology The old technology (network and systems) were designed for the old world (basic voice), however the market and technology had advanced which called for major technology overhaul. Technology and systems were required to support the business, rather than being the business.

The business understood, it required the introduction of integrated systems, with use of new technology at reduced cost.

- Supportive Systems
- Expanded Network
- Automated Tasks

With this backdrop of the changing market dynamics, the objectives that management set for the business transformation included:

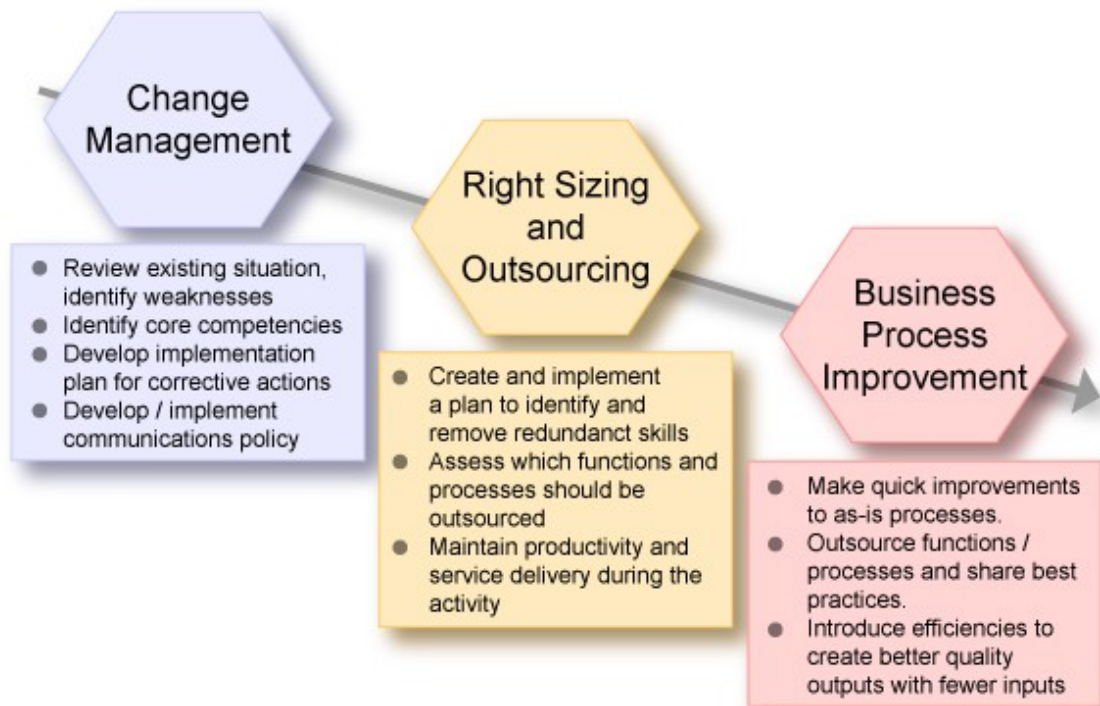
- Achieving competitive staffing levels of 600 (from around 900);
- Enhancing operational efficiency through Business Process Improvement;
- Developing a flexible organisation structure;
- Having the right skills for the new world;
- Enhancing delivery capability;
- Creating outward looking organisation and innovative corporate culture;
- Rapidly growing revenues and earnings.

A cross functional team headed by the Chief Human Resources Officer was put together to drive the program from within the organisation.

This team was supported by external consultants, whose roles were to provide expertise in planning the change, project management, and support in “right-sizing” and process improvements. They were also tasked with keeping the whole programme within the agreed timescale.

Implementation

In designing the implementation, the team realised that the task was significant and needed to be a phased programme, to make it manageable and also show the board and shareholders the value of such a transformation earlier in the process.



The Key Tasks

- Reviewing existing organisation, skills, objectives and customer satisfaction rates.
- Understanding what was core to the business and what should be outsourced.
- Developing concrete plans for business transformation.
- Ensuring all stakeholders were fully abreast of the changes, the reasons for such change, and the expected outcomes.
- Developing the correct matrix of staff skills and experience, and instigating a right-sizing program, including outsourcing and transferring staff to the outsourcer.
- Maintaining morale and ensuring productivity and customer satisfaction did not suffer during the business transformation exercise.
- Undertaking an extensive review of process improvement opportunities, including quick fixes.
- Driving process efficiencies and introducing continuous improvements, working with the outsourcer to achieve best in class services.

The Key Challenges

Short implementation period	The period for the whole project was 12 weeks. There were a lot of activities that had to be coordinated and completed within that time.
Co-ordination of various modules	Co-ordination of the various modules as any delay in one impacted on the other modules.
Timing of the project	New competitors had begun recruiting staff. The uncertainty caused by the transformation project led to some staff looking for jobs elsewhere.
Defence of turf	Some managers did not want any changes made in their structures or their teams and therefore tried creating hurdles.
Preparing staff to leave the company or transfer to outsourcer	Preparing a career transition program for those who were not likely to stay in the organisation.
Maintaining staff morale and productivity	Maintaining staff morale, productivity and service delivery during the "right-sizing" activities.

Key Success Factors

Having implemented the business transformation programme, it was clear there were key criteria which made the programme a success and which seemed to be the pillars for any business transformation project, these included:

- Involvement of the CEO as the leader of the transformation programme.
- Involvement of the management team.
- Proper project planning & management.
- Well executed communications strategy.
- The Non-partisan role played by external consultants.
- Careful management of the informal network, union & Government.
- Working with the outsourcer to deliver efficiency improvements.

Sustainability

A business transformation programme must not be seen as a one off event. As any football manager will tell you, winning the championship cup is relatively easy compared with maintaining that status over time which is the real challenge.

To ensure the organisation continued to deliver beyond the transformation phase, the management team instigated various longer term measures, which included;

- Addressing identified staff gaps through training.
- Developing a performance-orientated compensation scheme, using market-related pay, to motivate and retain the best staff.
- Avoiding staff creep - Centralising portfolio management by Human Resources, whereby justification and pay-back analysis were the guiding factors to positions creation/deletion.
- As part of the continuous change process, managers were required to provide annual plans on improving the processes that they own, through a well mapped out continuous improvement program.

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