

Dialog on leadership: control is not enough

Controlled processes are needed, but will not be enough. As a quicker pace of change and greater competition become the norm in the telecom industry, companies with leaders who can **inspire higher levels of engagement** will be the winners.



Georgi Ganev, CMO, Telenor Sweden

► **GEORGI GANEV WAS APPOINTED** Telenor Sweden's chief marketing officer (CMO) in 2010, following a run as CEO of Telenor's fixed-broadband operator, Bredbandsbolaget. During his time at Bredbandsbolaget, he stewarded the introduction of partnerships with the music service Spotify and the video service Vodder, daring to break with the previous approaches to controlling such content. This experience challenged not only current business models, but also mindsets within the company.

Following up on his previous Ericsson Business Review article (Getting the industry's true enabler on the agenda, issue no. 1 2010), management consultant Adam Eisen talks to Ganev about the challenge of leadership:

EISEN: *I have argued that many telecom companies are stuck in an old model of leadership, based on industrial-age thinking. What are your thoughts on this?*

GANEV: The industry is in a constant state of change, primarily due to the rapid development of, and complex interplay between, consumer needs, perception and technology advancements. My opinion is that this rapid change is not being mirrored in developments in leadership. A new approach to leadership in telecom will be crucial to future success, with a focus on engagement, in addition to follow-up and control – leadership success will determine the success of telecom corporations.

EISEN: *What do you see that is different today in this interplay between consumers and technology, and why does this place more demands on leadership?*

GANEV: Speed. Things are changing more rapidly – both in terms of technology and user behavior – as the internet and mobile services merge. It's difficult to meet these challenges using only process and control as a basis. What we need are creative minds that see opportunities and can react in accordance with these changes. We need a solid foundation of processes for follow-up and control that allow us to be creative. Parts of our core activities need to be industrialized, but this is not where we differentiate for consumers.

EISEN: *Doesn't this imply that employees*

need to be engaged in order to address this situation, in order to create the innovation needed?

GANEV: Definitely. Engagement and involvement are needed to allow room for creativity. Creativity requires a certain freedom. This makes it very difficult to have a leadership that only focuses on control.

EISEN: *So, how would you describe the leadership culture within the telecom industry?*

GANEV: Leadership in the telecom industry, in which analysis historically has been the center of attention, is based on control. This has generated a brigade of expert managers who have been successful in this area. However, they often lack the ability to create true engagement.

EISEN: *It sounds like you are saying that these "expert managers," who have been instrumental in building successful operators and suppliers, are out of sync with today's needs for leadership. Is it that simple?*

GANEV: Traditional leadership focused primarily on expert management and control. Now, it's more about creating conditions for others to perform. It's this focus that is the main difference. When looking at leadership historically, the focus was on control. What I refer to here is engagement.

EISEN: *How have you as a leader tried to address this? I mean, these "expert managers" have certainly created value in the past. Aren't these leaders excellent in terms of controlling costs and driving efficiency? Isn't control needed in the telecom industry?*

GANEV: There have been expert managers who don't comprehend that leadership is a major part of their profession. My ambition is that a job specification for future leaders in telecom should primarily focus on their ability to be leaders, with a secondary focus on knowledge in their particular field. Of course, we are entering a phase in which certain components need to be more industrialized and process-oriented. This is something that all telecom companies need, but this is not where we differentiate.

EISEN: *What have been the consequences of an outdated leadership paradigm for the industry and for the companies where you have worked?*

GANEV: Not too long ago, telcos were in control of the value chain and dictated the way customers used mobile services. This way, telcos were in charge of vertical development. With the introduction of internet services on handheld devices, the content players were thrown into the mix. With this sudden change, users have more control and their behavior changes rapidly. Consequently, customers expect a pace of change that is difficult to keep up with. At the same time, there has been a shift from insourcing to outsourcing in certain parts of the value chain, whether it's content or network management. The outdated telecom leadership, which means lack of leadership in my view, cannot cope with these fast changes and the transformation of the business.

EISEN: *Do you mean that the control-focused leadership limits the ability to meet the demands of this pace of change you mention? Would another leadership style have been better?*

GANEV: What I mean is that the industry is going through a major transformation. This transformation must be piloted by leaders. Those leaders must accept that a major share of their work is to be leaders for their organization. If we have expert managers whose focus is on follow-up and control, then there is a risk this transformation will fail. I see examples of this every day, where managers, including myself, focus on details and action-oriented tasks. This risks hampering transformation, since it is the leaders who are responsible for transformation.

EISEN: *You have underscored the need for a new approach to leadership in the industry. Can you be more specific about what is needed?*

GANEV: The new approach to leadership is primarily that we focus on the actual leadership. As a manager, you have to understand that your profession is mainly about leading a transformation, since our business is changing very rapidly. In more concrete terms, it has to do with the grounds on which leaders are recruited. First, existing leaders must comprehend the required transformation. Second, those responsible for recruiting processes must understand and focus on leadership characteristics and clearly address them in a recruitment situation. Third, the recruited leaders must understand that leadership and contributing to transformation will be the major part of their workload.

EISEN: *What challenges do you see in the industry today regarding leadership?*

GANEV: The main challenge is twofold. First, going from being introverted to being extroverted. This means moving away from locating the starting point in technological challenges and instead focusing on and locating the starting point in customer needs.

Second, going from being reactive to be proactive. This means a shift in focus from analyzing past behavior and determining what has gone wrong, and instead focusing on solving future challenges and bridging the gap to our goals.

EISEN: *If we take the first point, to work more "outside in," from customer needs, is this about analysis or about engagement with customers?*

GANEV: It is actually about both. We need openness to identify key customer needs. Good leadership does not automatically create customer focus, but it is good leadership that can drive transformation from a technology focus towards a customer focus. To succeed and not only conduct the analysis, someone must be able to take charge of and implement changes.

EISEN: *With regard to your other point, about being proactive, doesn't this require leaders who can enable people to choose to be proactive, to help them move out of reactivity?*

GANEV: Good leadership doesn't automatically generate proactive behavior. However, good leaders can transform behavior so that people are more proactive. Such proactive behavior is very important for realizing our customer-centric ambitions.

EISEN: *Exactly. By focusing too much on control, leaders are actually limiting engagement and proactivity – and this is a recipe for mediocrity. But, with all the research linking higher levels of engagement to increased productivity, how do you know when people in your organization are engaged?*

GANEV: There are different means of measuring engagement; some better, some worse. It is important to act and not get stuck in a race to find the perfect model to measure and theorize. Measuring is of course very important, but it shouldn't be an objective on its own.

EISEN: *Yes, I am not so interested in measurement. What I am after is how you know as a leader that people are engaged. How do you sense it? What do you expect in terms of behavior?*

GANEV: I believe that when you have proactive, secure and customer-centric employees going that extra mile to get things done, regardless of whether their boss is going to follow up on their actions or not – then you know that engagement in your organization is high.

EISEN: *Yes, I agree. It's about behavior – when people make choices on their own to be creatively excited about their jobs. The funny thing is that even without formal measurements, most leaders are acutely aware of whether people are using their potential and talents every day. I argued in my previ- ►*

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► *ous article that many telecom companies prioritize management over leadership, focusing on a legacy of control. Would you agree with this distinction?*

GANEV: Leaders in telecom excel in analysis, but sometimes fail to encourage and empower employees. Increasing the encouragement and empowerment of employees is vital, but it cannot be done at the expense of analytical power. Yes, it is a balance; perhaps we can expand this further. In order to be successful, we need to balance the brain, heart and gut.

EISEN: *You mentioned earlier the pace of change facing the industry. One of my previous arguments was that telecom leaders are traditionally more focused on technology and product innovation rather than innovative business models and customer experiences. Do you agree?*

GANEV: Yes. Operators have historically been occupied with controlling the value chain vertically. It has been challenging for operators to accept the fact that we no longer have this firm control over development. We as operators must focus on generating conditions for actors in other vertical layers of the value chain that enable these players to do what they do best, which is to generate services that complement our offerings.

EISEN: *Many argue that, these days, traditional advantages such as better networks, technologies, services or products are easy for competitors to match and that the real differentiating asset is people and leadership. Would you agree? Is that true in telecoms?*

GANEV: First of all, nothing is easy about creating a high-quality network or services. However, a high-quality network, flexible products and services designed for your customers require excellent leadership.

EISEN: *Some would argue that an industrial-age-style leadership of control is desirable in efficiency-driven, process-driven parts of the telecom business like operating networks or other systems. Do you agree?*

GANEV: No. I believe that we must ensure efficiency and control by applying well-defined processes with good analysis. However, processes and control will not generate

the engagement and involvement needed to run a business that changes rapidly by adapting to customer needs.

EISEN: *I see your point, but what kind of leadership is needed to create a great network? Surely, even here we need highly engaged and proactive employees?*

GANEV: Yes. Network technology is experiencing major transformation as mobile and fixed internet merge. We also see a trend in technology outsourcing, where we are taking on the role of buyer. I'm not a network expert, but I clearly see that both are major transformation areas, where good leadership is required.

EISEN: *Given all this, why are companies so focused on technology innovation instead of leadership? Is it a question of mindset?*

GANEV: Yes, definitely a matter of mindset. By traditionally focusing on technology and innovation, we tend to forget the requirement of good leadership that will allow our organization to create the best experience for our customers.

EISEN: *How can the mindset be challenged? How did it shift for you? Have you seen it shift for others?*

GANEV: It's about accepting the fact that the majority of your work is leadership. This means clearly and frequently addressing the question: what does my organization require? This shift is primarily a shift in mindset. When Bredbandsbolaget introduced Spotify and later Vodddler into the Swedish market, I encountered a certain hesitation, given that we wouldn't control the entire downstream value chain to end users. These were times when engagement and involvement were needed most. Change has occurred rapidly internally and we are moving towards a new way of serving our customers. I believe that we are better prepared compared to our competitors.

EISEN: *How can you as a leader change the leadership culture in your organization?*

GANEV: By putting it at the top of the corporate agenda and by setting an example, I can contribute to change. A very important building block is of course organizational structure and the people in specific posi-

tions. Good leaders create good leaders.

EISEN: *So do you see leadership as a source of advantage for Telenor? If so, what is your opportunity?*

GANEV: Yes, I do. If a sales manager only refers to units sold and a network manager only refers to traffic control, you have a problem. If other aspects are also in focus, taking a more holistic view, you are well under way. Here I feel my company has gone far. Since we more and more discuss prerequisites for delivery in terms of leadership, I see this developing into a true source of advantage. I don't perceive the industry as a whole to be undergoing a similar change.

EISEN: *Do you have any examples of situations within your companies where leadership has been the determining factor in the success or failure of a change initiative?*

GANEV: Yes, every day. By creating engagement in an organization, people are involved and run that extra mile. I see many examples in my organization where that extra little something really changes things for customers. Controlled processes are definitely needed in our organization, but these will not be enough to allow us to differentiate ourselves.

EISEN: *Finally, it has been said that, in times of change, companies' ability to adapt is the key. Do you agree?*

GANEV: I agree, but I want to stress the fact that adaptability cannot become a hotbed of uncertainty. A clear target is always needed, but you have to be able to adapt fast. This requires adaptability and an organization that can handle shifts in objective. One prerequisite is having a solid foundation within the organization where changes do not equal threats. Without this foundation, it is difficult to adapt without losing traction and focus. ●

AUTHOR



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