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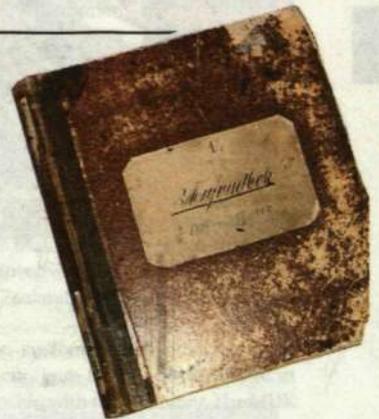
Motivation in adversity a challenge for Britt

4-5



PHOTO: GUNNAR ASK

Slide shows
– not
for Jack 7



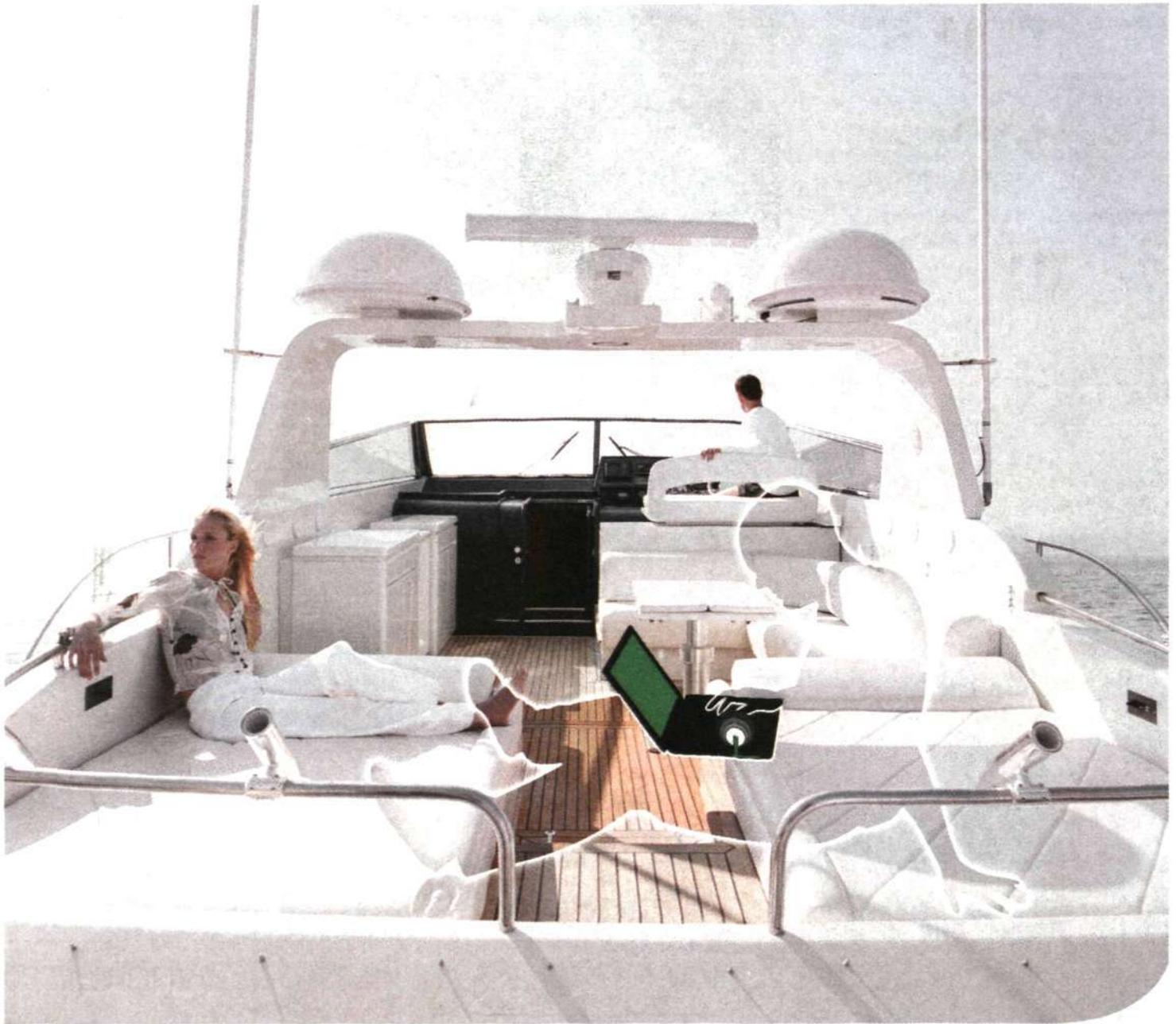
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Successful rights offering

Ericsson's rights offering was a major success. The Offering was oversubscribed by 37 percent and the company acquired 137,000 new Swedish shareholders.

"There are many people to whom we owe thanks, particularly all our new shareholders. This success shows that the shareholders believe in Ericsson and the future of the telecom market," says Michael Treschow, chairman of Ericsson's Board of Directors.

Final result presented September 12 confirm that more than 99.7 percent of the options rights were utilized.

The fact that the offering was oversubscribed indicates that demand for the shares was larger than the supply. Shareholders were offered the right to purchase one new share for each Ericsson share they already owned. They were also entitled to apply to receive a larger number of shares in the event that there were shares left over after the initial distribution. The shares that now remain – 0.3 percent of the total number – will be divided among those shareholders who expressed interest in receiving extra shares.

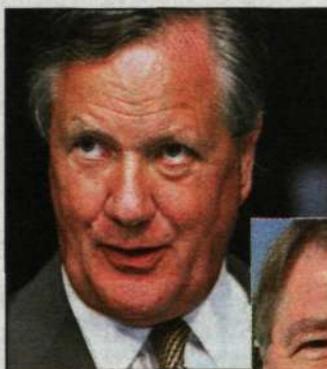
It was an upbeat Michael Treschow who presented the results to the Swedish media. He was prepared for the question as to whether the SEK 30 billion, some USD 3 billion, generated by the offering "would be sufficient."

"Yes it will, as far as we can judge at present," he replied, and added, "It is also important to remember that we are adjusting our costs to ensure that we can be profitable next year even if sales are as low as SEK 120 billion, USD 12 billion. This is a long-term growth industry – after all, people are not going to stop making calls."

Michael Treschow also emphasized during the press conference that it was time for Ericsson as a company to "get on with everyday work."

"Many Ericsson employees have had and are still having a tough time. I feel great sympathy for those who have suffered as a result of these major restructuring measures."

Ericsson's Board chairman was also asked whether it had really been necessary to sign the



The outcome of the rights offering brought smiles to the faces of Chairman of the Board Michael Treschow (above) and Gary Pinkham, head of Investor Relations.



bank guarantee that would have been activated if the offering had not been fully subscribed.

"The guarantee is like buying insurance on your home. Having done so, you don't then ask yourself whether you are pleased it's not burning down."

Ericsson's head of Investor Relations, Gary Pinkham, points to several factors that contributed to the success of the rights offering:

"The prospectus was very carefully prepared and we openly described the risks and opportunities of investing in the company. We explained that the rights offering was part of Ericsson's strategy for restructuring the company, so that we will emerge as a stronger company when the business climate improves.

"Ericsson's management also did an excellent job of presenting the strategy to major shareholders in Europe and the US," adds Gary Pinkham.

HENRIK NYGÅRD

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4,000 employees affected by new IS/IT strategy

Ericsson's plans to outsource large parts of its IS/IT operations will affect a total of approximately 4,000 employees. Only a few hundred specialists and managers will remain with the company to oversee operations.

The measures are part of the review of all of Ericsson's IS/IT operations that is currently under way with a view to ensuring that Ericsson reduces its costs by SEK 50 billion and cuts back its workforce to fewer than 60,000 employees by the end of 2003.

"We are currently negotiating with about ten prospective partners," says COO Per-Arne Sandström. "We assess partners according to several criteria, such as how they have previously looked after their employees and how they handle competence development for personnel. Naturally we also

look at how they can give us added value, so that we can improve our market position."

A review of IS/IT operations as a whole will also be undertaken in order to enhance efficiency and reduce costs, see page 17. The extensive array of different support systems that has emerged over time will be replaced by a common system based on SAP. The IS/IT tools used in research and development will also be standardized. The time schedule is urgent. The plan is to have already evaluated prospective partners by the end of October. Contracts are to be signed during November, with the aim of being ready to work in accordance with the new model at the beginning of 2003.

LARS CEDERQUIST

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Wireline gets new sales organization

In order to proactively adapt to the market situation for this business, the sales channels for wireline products will change.

Three existing Market Units will now become responsible for all wireline business in their respective Market Areas.

The extended responsibility is called MUX. They will be located in Australia, the United Kingdom and Mexico, and will all draw on the resources of the established Market Units.

Dramatic decline

Telecom market conditions have resulted in a dramatic decline in orders for circuit switching, which has traditionally been a profitable business area.

Delays in operator investment make the challenge with Engine and IP to convert existing contracts and agreements into installations as well as new orders. A current investment area – broadband access – is a growth opportunity, but is not yet large-volume business.

All of these factors have led to the decision to consolidate wireline resources.

Head of BSYS Bert Nordberg says:

"The key is to focus on the customer, on cost and efficiency." He says regionalized distribution is nothing new for Ericsson: "We used this model for customer configuration centers and centralization of roll-out, with three hubs, each responsible for a market area."



Bert Nordberg

The road to profitability

Barry Borzillo, Rory Buckley and Hans Vestberg have been appointed MUX managers. They will continue to be heads of their respective Market Units, which are: Australia and New Zealand, Northwest Europe and Mexico.

KAM:s for wireline customers will now report to the MUX:s, and will continue to play a critical role in managing the relationship with the customer. The MUX will be a part of the existing Market Area structure.

The aim of this change is to focus resources on wireline business, to control costs and help the company become profitable. Ericsson therefore anticipates that the reorganization will result in a reduction in wireline marketing and sales resources.

MUX managers together with MU managers will determine numbers and placement of competence in accordance with regional customer business opportunities.

The new organization will be fully implemented by November 15

HENRIK NYGÅRD

Financial agreement about Mobilcom

Under a new Memorandum of Understanding, Ericsson's outstanding customer financing to Mobilcom will become a convertible loan issued by France Telecom to Ericsson in the amount of approximately EUR 444 million. As a result, Ericsson no longer has exposure to Mobilcom, future exposure will be to France Telecom. The signing of the MoU confirms the close and long-lasting business relationship between Ericsson and France Telecom.

Creating motivation in a headwind

In the current difficult circumstances, it is more important than ever that Ericsson's employees remain creative and aggressive in the market. Sales and increased order bookings are the top priority. How can you motivate the workforce when many employees must leave the company?

Britt Reigo, Ericsson's senior vice president, People & Culture, has witnessed both boom times and slumps in the industry. *Contact* talked to her about how those with responsibility for personnel are working on the difficult but essential task of keeping employees motivated.

"Instilling confidence in the future, courage and motivation in employees at the same time as Ericsson is being forced to make substantial human resources cutbacks is extremely difficult. The task of those responsible for personnel matters is primarily to support managers. They are in close contact with the workforce on a daily basis and must not stop believing in Ericsson as the industry's leader," says Britt Reigo.

An important element is accessibility. Britt Reigo explains that managers must be visible and available when employees need support and information.

"It's demoralizing to have to lay-off people and, in a process of this kind, it's difficult to be generous with your feelings. This is an area in which we can and must improve."

Flexible salary portions, options, convertibles and share-savings schemes are instruments that Ericsson has traditionally used to motivate employees and will continue to use in the future. Naturally, it is unfortunate that in recent times the share price has developed more poorly than everyone hoped, but that does not disqualify this type of tool.

"Reward systems will continue to be used, but the managers' most important tools in creating motivation are not, in fact, dependent on the share price. Managers motivate employees with clear strategies and targets and by always giving workers feedback on their performance."

Parallels to early 1990s

During nearly 14 years at Ericsson, Britt Reigo has witnessed both boom times and slumps. The current situation has many similarities with the early 1990s, but there are also differences. In 1991, profits plummeted and Ericsson was forced to make considerable cutbacks and stopped all new recruitment. The company managed to react quickly and bring its costs down. By the end of 1992, earnings were rising again.

"During earlier difficult periods, there have been areas within the company that have performed well and which have borne up other operations. In cases where we have had to lay off skilled people within certain areas, they have largely been absorbed by other areas of operations that have had strong expansion. This is not so today. The decline has been dramatic throughout all operations and Ericsson cannot afford to do more than is essential for core operations."

When Ericsson is forced to lay people off, it is important to avoid overloading those who remain. It is necessary to consider whether efforts are necessary or if the same result can be achieved in another manner without jeopardizing the quality of the products. Priorities are decisive.

"Senior executives and managers must be clear on which

priorities apply, allowing employees to draw their own conclusions and apply these to their work. Individuals must also be firm regarding the amount of work they are able to handle."

Support for business development

The People & Culture corporate function is also implementing changes to meet current conditions. The number of employees has been nearly halved since the beginning of 2001.

"We have flattened out our organization, terminated or postponed certain assignments and focused our operations. Within Human Resources we group our transactions, that is, regularly occurring administrative and routine tasks. In the US, the UK and Sweden, this process has already progressed some way and now it is being implemented in other parts of the world."

Clearer procedures also create greater scope for work on leadership issues. Human Resources is an important instrument for senior management in the area of business development, for example, when ensuring that the right people are in the right place.

About six months have passed since Ericsson gathered several Swedish companies together within the newly formed Ericsson AB. For Human Resources, the new structure has provided an obvious advantage.

"It is now much easier for us to deal with personnel transfers. Activities have become easier for other functions too. Rather than producing 16 different year-end reports, the corporate Finance function now only needs to produce one. We also avoid cultural barriers between the companies, thus reinforcing the image and feel of one single Ericsson. Naturally, one should have a local identity and pride, but this should not be linked to legal company units," says Britt Reigo.

Why should employees choose to remain within Ericsson?

"We work in an advanced and interesting, forward-looking industry and regardless of where you work within Ericsson, it is the global perspective that counts. The majority of the world's population still lacks access to telecommunications, so the future business potential is enormous. We have an enormous wealth of know-how and operate in a stimulating environment. I try to nurture our basic values as a friendly and generous company that provides information and help. I understand that many are worried right now, but it is important that we maintain the values and characteristics that make us a world leader."

JESPER MOTT

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*We must not forget
that Ericsson is a world leader
in the industry*

As Ericsson passes through difficult periods, it is more important than ever that managers are visible, accessible and clear about targets for their employees. Britt Reigo, Ericsson's senior vice president, People & Culture, believes that Ericsson will continue to be a stimulating employer.

PHOTO: GUNNAR ASK

"This is the start of a new era," said Bert Nordberg during the inauguration of the new Systems building in Kista recently. Among the changes that will be seen in the near future are a more concentrated product portfolio, more efficient supply processes and more flexible customer support, all in accordance with Ericsson's updated strategies.



Unit manager Bert Nordberg believes the move to the new building marks the start of a new, positive period for the business unit Systems. PHOTO: CAROLA WELIN

New times at Systems

A great deal has happened within the business unit Systems (BSYS) in recent months. A completely new organization has been implemented, personnel has been reduced by more than half, as has the number of managers. The unit has also moved to a new building in Kista, and is currently installing itself in its new home.

Amidst all of this, Bert Nordberg is to adapt operations to Ericsson's overall strategies, which were presented in June.

"It has been a turbulent and, in many ways, negative period with the insecurity that cutbacks and reorganization entail. It is now time to stabilize the situation

and put the processes in place and I believe that the move to the new building marks the beginning of a positive period," says Bert Nordberg.

The most important measure resulting from Ericsson's updated directives is the focusing of the product portfolio. The development budget is to be concentrated on areas of future potential, meaning that product lines not included among these will be given less resources or be discontinued.

"If you are going to be involved in an area, you should be one of the leading players – otherwise you don't belong there. We must therefore focus on product ranges where we are able to dominate

and leave those areas where we don't have that position. Our challenge is to ensure that we leave these product areas in a profitable fashion," explains Bert Nordberg.

Another measure is to improve the efficiency of the packaging and distribution of products. A single technology platform can be used for several product ranges, making solutions both less expensive to produce and more efficient for customers. Customer support will also be reviewed and adapted to each family of products.

"Certain solutions require global expertise and other local expertise. We will therefore look through all product families to determine which require support at which places in the world."

With regard to leadership, Bert Nordberg believes in a results-oriented strategy. This means that the Systems unit invests in managers who can demonstrate achieved rather than planned results.

"The strength of the organization lies not in making plans but in implementing them. Result orientation was therefore the principal criterion when we appointed managers for the new organization."

At the same time, it is important to maintain contact with reality and to take care of employees' needs. The only chance for a small, slimmed-down organization is for everyone to pull in the same direction, Bert Nordberg feels. Here, it is important to have a brave management that has the courage to put its plans into action.

"You can win the hearts and commitment of employees by involving them but their confidence can only be won by a management that keeps its promises and stands by what it says," Bert Nordberg concludes.

Limited space in Building 27

Although the geographic center of Systems' operations is its new headquarters in Kista, some employees are still located in other places. Currently, 850 of Systems' employees are making themselves at home in Building 27, as the new headquarters are called. However, certain employees will not move in here – at least not to begin with. Some employees will work to the south of Stockholm instead. Slightly more than half of the Solution and Integration department will also be housed in another building just a stone's throw from the new facility.

"We chose to locate them in another building because they have a certain need for laboratories and none are available in Building 27," explains Per-Olov Svensson, the project manager for the move.

When planning for the building began a year and a half ago, it was intended for another part of Ericsson. Since then, several reorganizations have led to changed plans for the building.



The new Systems headquarters hold a lot of employees – but not all of them.

When it was finally decided that BSYS would move in, the opportunities to affect the design were limited.

"For the time being, it is not practical to gather everyone under a single roof. However, those who are located in other places remain just as important to operations as previously and we will ensure that

they feel just as involved as everyone else," says Bert Nordberg.

TONYA LILBURN

TONYA LILBURN

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Quick and adequate – principle for head of GSM

"We can become much quicker by making the system only adequately complex, so that it functions and can be extended without problems," says Jack Järkvik, the new head of GSM development.

Jack Järkvik, 54, who was appointed the new head of development for the radio section of GSM during the summer, is not your typical Ericsson employee. As a person he "hates sitting in his room reading e-mails and going to meetings" and prefers being out on the plant floor discussing things directly with the personnel. He is also highly focused on results – for several years, he has been somewhat of a rescuer of difficult projects.

Now, with GSM facing the leap to 3G, all efforts are being focused on getting the new base stations, voice-coding products and so on, ready in time.

"GSM is a part of 3G," says Jack Järkvik, adding that GSM provides our livelihood and that it may be around for another 15 years.

GSM operations have existed since the 1980s and it is natural that it sometimes runs along old tracks.

Parts of these operations could be significantly improved and much more can be obtained for less money, according to Jack.

"One of our greatest challenges in the development of new base stations is being able to add new functions without destroying what is already there.

"This may sound obvious, but it is, after all, a matter of highly complex products that must function constantly and cannot maintain 'PC quality' and crash whenever you least expect it.

"We must maintain a holistic view and know what we are going to do in advance. Working by trial and error is not adequate – designers must find the right track straight away or too much time will be lost."

To accomplish this, a strategy is needed and, according to Jack Järkvik, Ericsson has too few systems engineers with an overall approach. It is necessary to get to testing at the holistic level quickly with fast functioning loops in the switching environment.

This is where Jack Järkvik introduces his favorite Swedish word, "lagomiserig," adequatization in English, that is, not making things too difficult – a term he claims to have invented. The idea is to make something as uncomplicated as possible while still working in the amount of time allotted, even if everything in the specifications is not included. This is the only way to maintain quality.

"In our first version of GSM, R.o, we cut away a great deal of functionality, and in the Japan project in the early 1990s, we "adequatized" heavily and were ready on time with products that are still stable today."

Jack Järkvik does not try to hide the fact that there will be changes within the GSM operations.

"We face a great challenge and a lot of deodorant will be needed. But I know from earlier projects that this also means enthusiasm and people enjoying their work. I don't want to see a load of reports and slide presentations – I want to see that something is happening."

The most imminent event for GSM is the launch of EDGE in the US this autumn, that is, speeded-up GSM for 3G services. Also in the works are the AMR halfrate (adaptive multirate coding) voice-coding method for optimum speech quality under various radio conditions, the new 2308 micro base station for the 800 band during the winter and nodes for positioning services.

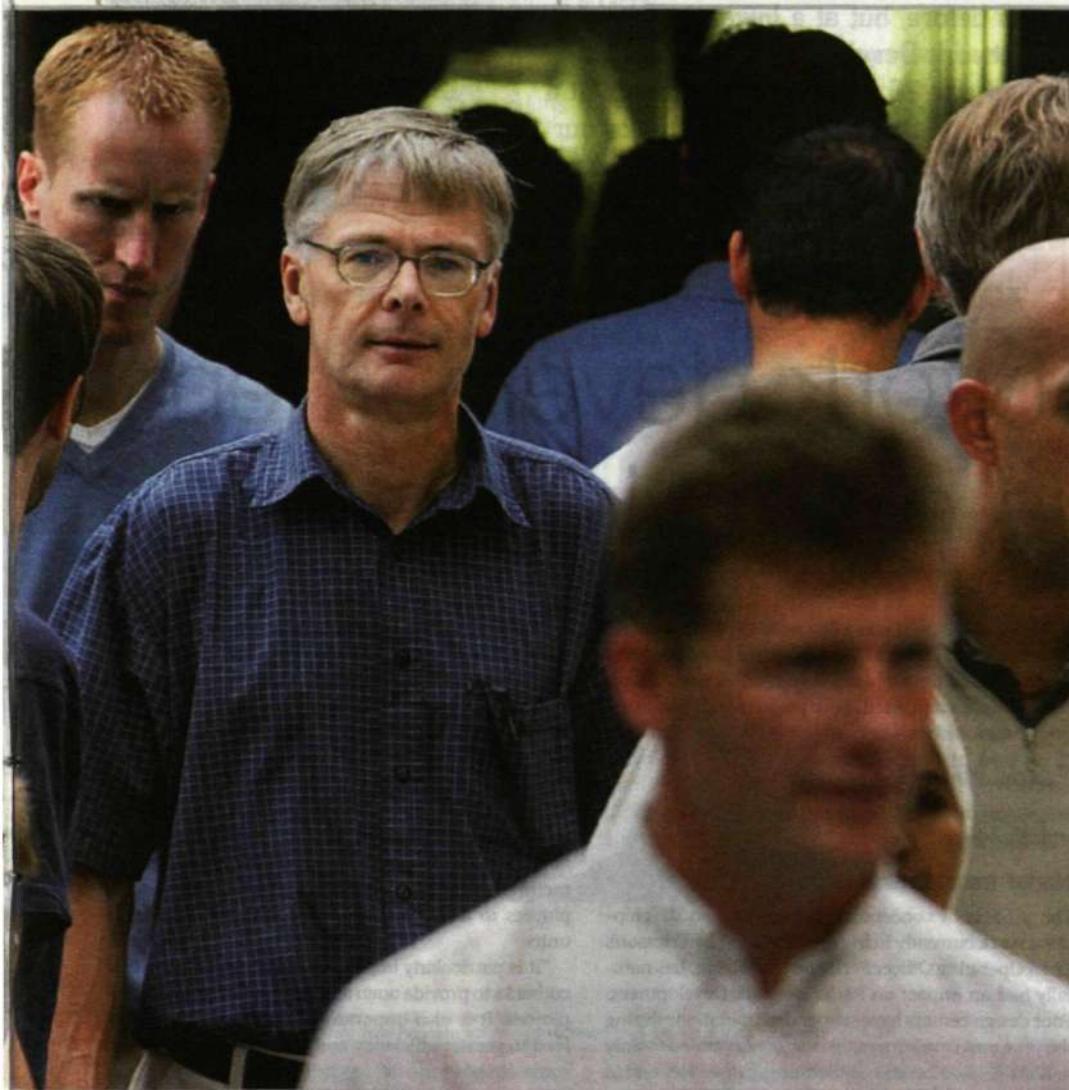
"We are behind schedule. We cannot deny that – but we are not behind the others. On the contrary, we are the first with 3G for GSM," says Jack Järkvik.

LARS CEDERQUIST

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3G GSM

GSM is being developed in several places. In Linköping, work is being carried out on the base-station control unit (BSC) and operational support systems. Work on base-station hardware is being conducted in Kista, Nuremberg, in Germany, and Mölndal, while the software is being developed in Luleå, Skellefteå, Kista, Mölndal and Lysekil, all in Sweden.



Jack Järkvik, civil engineer and graduate economist, began working for Ericsson in 1975 with Plex coding for group switches in fixed networks. He went on to work on ISDN and, in 1990 was transferred to GSM to rescue the base-station project. During the 1990s, he participated in several projects as a consultant – these included CDMA, TACS, PDC, and GPRS. He was re-employed by Ericsson last year as site manager in Linköping.

PHOTO: GUNNAR ASK

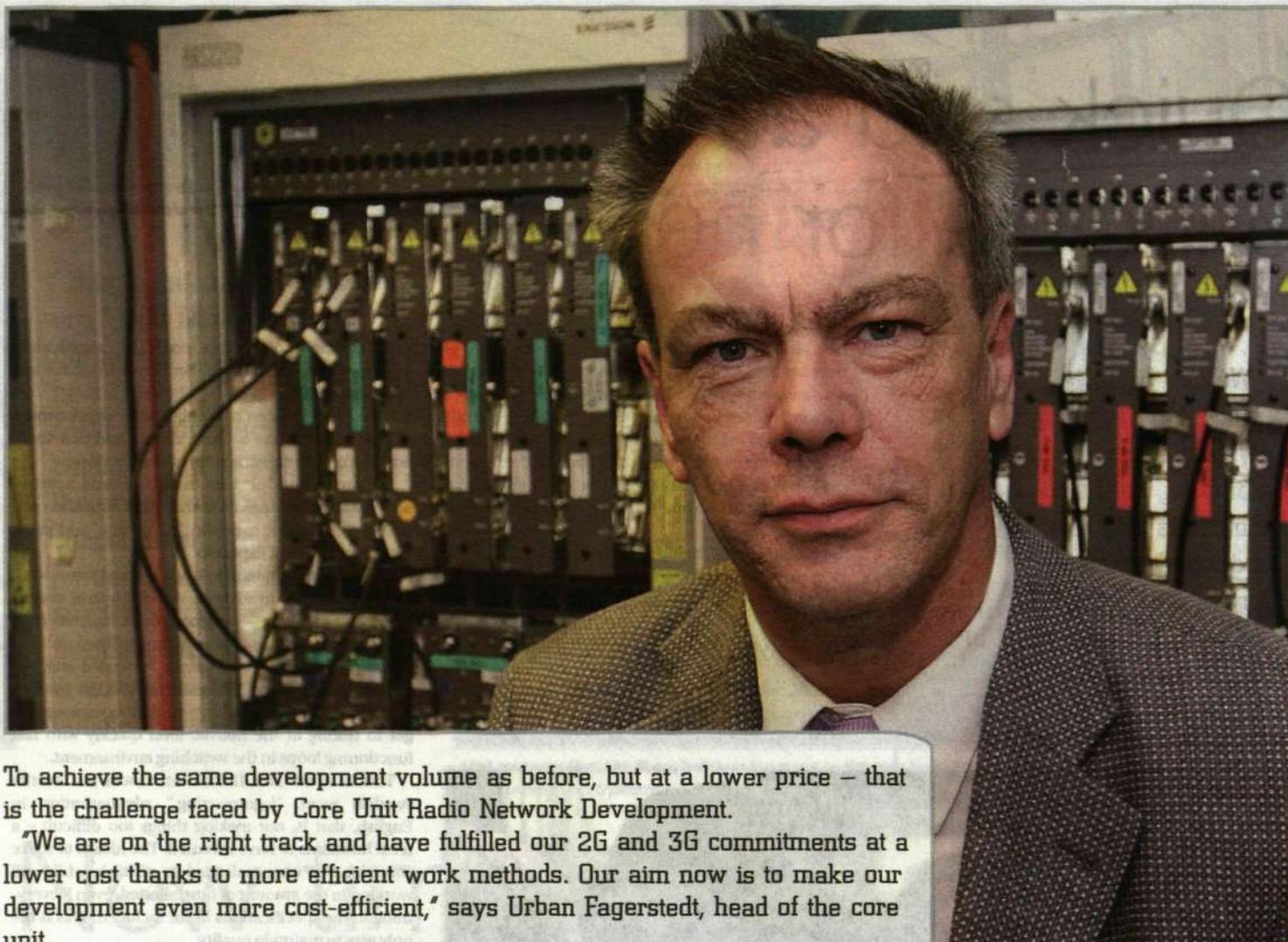


PHOTO: ECKE KÜLLER

To achieve the same development volume as before, but at a lower price – that is the challenge faced by Core Unit Radio Network Development.

“We are on the right track and have fulfilled our 2G and 3G commitments at a lower cost thanks to more efficient work methods. Our aim now is to make our development even more cost-efficient,” says Urban Fagerstedt, head of the core unit.

Efficient network development with a focus on savings

Far from changing its strategy, Core Unit Radio Network Development is still targeting “2G on cost” and “3G on time.”

“In regard to the further development of the GSM system, this means we must be even more savings-focused on savings when we choose to develop, and constantly look at the market value,” explains Urban Fagerstedt.

As far as “3G on time” is concerned, they have delivered what was promised. Apart from NTT DoCoMo, Ericsson customer J-Phone is the only operator to date with its 3G network in pre-launch.

“We plan to continue focusing on WCDMA development,” emphasizes Urban Fagerstedt.

More projects with less manpower

The Business Unit Systems and the Core Unit Radio Network Development have a joint cost-savings program that has meant reviewing the entire product portfolio, so that all unnecessary products have now been eliminated.

Despite the cost savings, the unit has been able to increase the number of products it has delivered. Urban Fagerstedt explains how this came about:

“Previously, speed was a key word in product development. It was important to release new products rapidly. Today, the key word is cost-efficiency. As a result, we have completed more projects with less manpower than before – in many cases due to more efficient work methods discovered by the employees themselves. This has enabled us to start on a certain amount of necessary development work while staying within our agreed cost level.”

Market trends critical factor

The process of concentrating research and development work currently being implemented by Ericsson’s Chief Operating Officer Per-Arne Sandström, has naturally had an impact on Radio Network Development. Four design centers have suspended operations during the year, and development is now concentrated mainly in Kista, Linköping and Gothenburg, in Sweden, and in Ireland.

Assignments have also been shifted among the design centers in order to streamline their operations. Most of the GSM development is currently taking place in Linköping, while Ireland has taken over the WCDMA development that was formerly centered in Linköping.

Personnel cutbacks have been implemented within most Ericsson units, but not to the same extent within Radio Network Development, apart from consultants and minor personnel cutbacks.

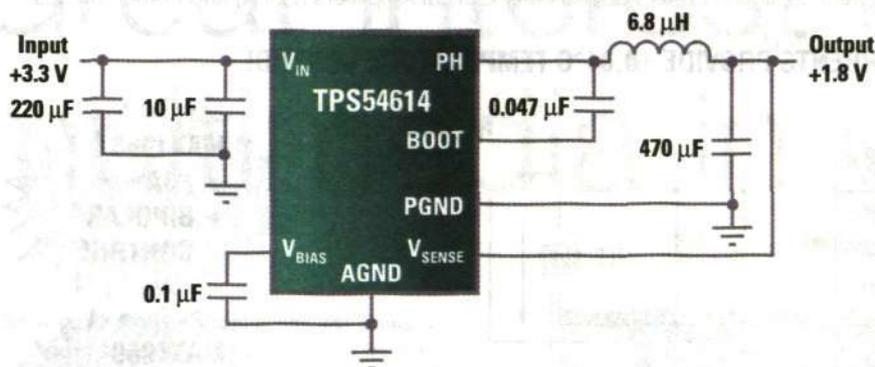
“The reason is that we were allowed a little more time to finish off large and important projects,” says Urban Fagerstedt.

“Once these are completed, we may be forced to reduce personnels. The size of the cutbacks will depend on the market situation. If there is no improvement, it may be necessary to reduce the number of employees to about the same extent as other Ericsson units.

“It is particularly important in times of anxiety and cutbacks to provide open and frank information to employees. It is also important to highlight efforts that lead to greater efficiency and show appreciation with some simple form of reward. Suggestions from employees are one of the resources through which we hope to achieve more development for less money,” concludes Urban Fagerstedt.

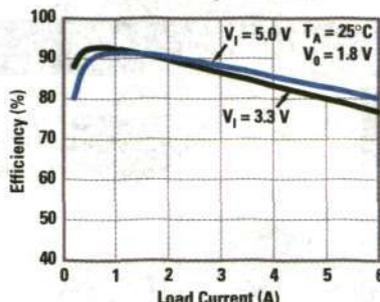
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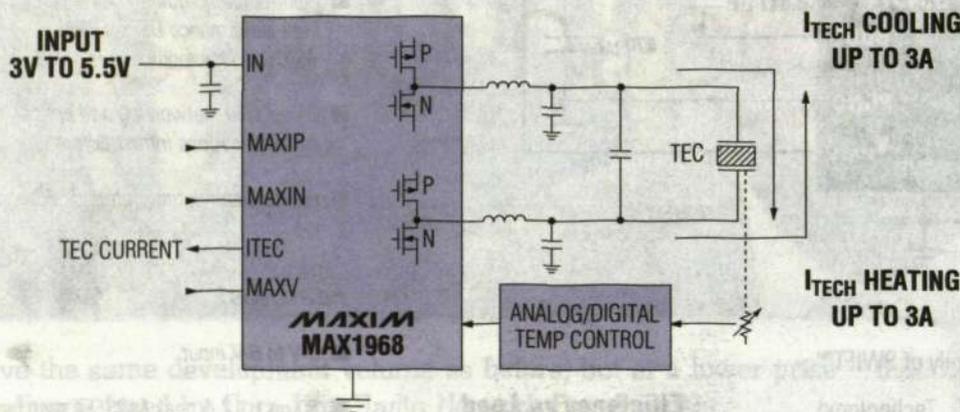
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The launch of GPRS in China is one of the lighter points in Ericsson President Kurt Hellström's description of the market situation in his latest letter to employees. The figures are impressive. After just a couple of months, the largest operator, China Mobile, had 1.3 million GPRS subscribers.

Great interest in mobile multimedia in China

In the world's largest mobile market, China, a strong interest in mobile data services can be perceived. China Mobile launched GPRS on May 17. Two and a half months later, the operator had 1.3 million GPRS subscribers in 120 cities. The launch of MMS in October is expected to boost the market further.

"Development has been extremely strong and China Mobile is monitoring subscriber trends closely. However, even more important is a rapid increase in traffic," says Erik Feng, who is the national account manager for China Mobile.



Erik Feng

China Mobile's answer to Japan's i-Mode is called Monternet and content for the service is being developed in collaboration with Ericsson Mobility World. There are currently some 100 applications available.

Impressive rate of growth

"The most popular are chat, news – preferably local – and gaming. And Monternet is expanding in every way, regardless of whether you count subscribers, traffic or revenue per customer," says Mushir Che-Chik, head of Ericsson Mobility World in Beijing.



Mushir Che-Chik

As in other areas, SMS remains the most popular mobile data service in China. During 2001, 15.9 billion SMS messages were sent via China Mobile's network. The rate of growth is impressive. During the first six months of 2002 alone almost 30 billion SMS messages were sent and if the pace is maintained, the figure will be 80 billion for the full year.

Now it is time for the next stage in the development of mobile multimedia. In October, China Mobile will launch MMS in four important cities: Shanghai, Guangzhou, Beijing and Wuhan, with Ericsson as a supplier for the first two.

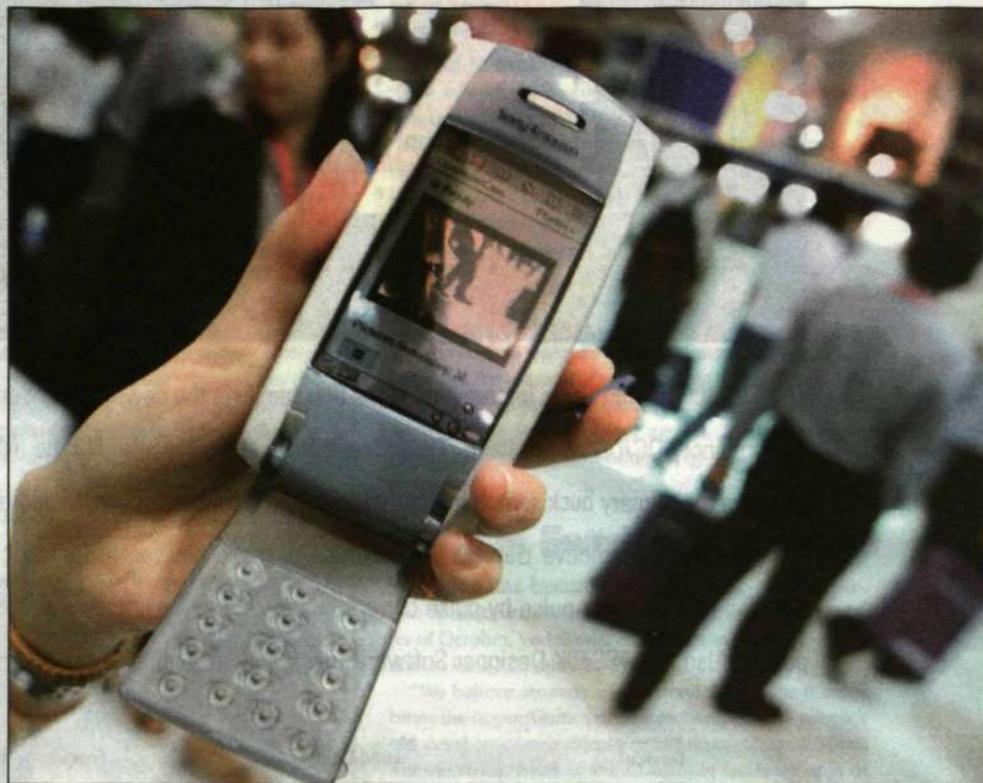
Application competition

In connection with the launch, Ericsson Mobility World and China Mobile announced a competition to develop attractive applications for MMS – 60 entries from 40 developers were received.

"One entry is a news service with images accompanying the text. You can see pictures of your favorite team scoring, for example. Another idea is an image editor, allowing you to add a frame – or perhaps a moustache. We have also received an entry involving

direct advertising, where you receive a discount coupon as an MMS message directly in your mobile phone," explains Mushir Che Chik.

Most people agree that MMS will be highly popular. "Both we and China Mobile view MMS as a 'killer application' for GPRS. We think that it will be a success because so many people are accustomed to using SMS and have learned to use their mobiles to send messages. MMS may skyrocket – on the condition that interesting applications are available and pricing is attractive," says Erik Feng.



In 2001, nearly 16 billion SMS messages were sent in China and this year that figure is expected to reach 80 billion. For that reason, many people think that image messages via MMS will be a success when the service is launched in four major cities in October.

PHOTO: NAASHON ZALK/PRESSENS BILD

CHINA MOBILE

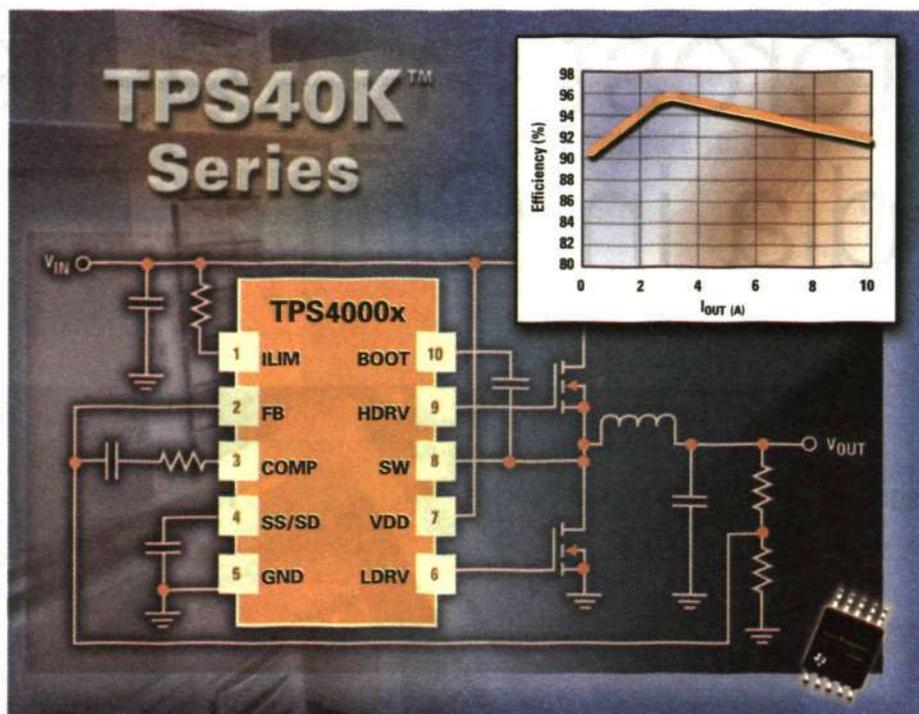
In 2001, China Mobile achieved sales of USD 15 billion. Of these, 5 percent were generated by mobile data traffic. At the same time, the number of mobile phones in the country continues to increase.

During the past year, China Mobile's increase has been 3.5 million subscribers per month (5 million per month for the entire country). Total sales for the year are expected to increase by 20 percent to USD 18 billion.

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Starting shot fired for 3G

Many long articles and commentaries have been written saying that 3G is dead and buried before it even got off the ground. But pessimism has dominated long enough. Mikael Törnvall of the Swedish financial daily, *Dagens Industri*, hits the nail on the head when he writes: "If all the talk about the telecom crisis had been conducted on mobile phones, the worst would now be over."

However, rays of hope are appearing on the horizon. The EU finally awoke and understood the need to help the important telecom sector along the way. There is a decision in the pipeline to allow European operators to share networks, which will save large amounts of money for the debt-ridden telecom operators.

It is rumored that the governments of Germany, France and the UK are involved in discussions to pay back a portion of the 3G license money. In Sweden, the government is talking about supplementing earmarked money to start up advanced mobile services. Mona Sahlin, Sweden's Deputy Minister for Industry, with responsibility for telecom issues, is positive in her approach to 3G and says: "Now there is once again an opening for expansion to restart. The focus can now be on service development."

3G no luxury

Both *Business Week* and *Dagens Industri* recently published editorials stating that 3G is not an exaggerated and extravagant luxury, with trivial applications, but a necessity for handling the addition of new mobile subscribers.

In *Business Week*, Andy Reinhardt quotes analyst Per Lindberg, of *Dresdner Kleinwort Wasserstein*. "It

is not a matter of 3G not happening. It's already here," says Per Lindberg. Andy Reinhardt adds that: "What has bitten the dust is not 3G as such, but the exaggerated image of 3G's enormous profit potential."

Although 3G has very much been dragged through the mud, there is one factor that can reverse the trend and that is talk. Talking on a mobile phone, that is. The importance of voice traffic for 3G cannot be underestimated.

"Today, only 15 percent of all voice calls are made via mobile networks. It is rather obvious that this area has potential," says Jon Risfelt, president of Vodafone in Sweden, to *Dagens Industri*.

Inexpensive medicine

To remedy this situation, Vodafone is offering companies the possibility to make calls at a low rate within the workplace. This is aimed at moving traffic from fixed to mobile networks. If the traffic on mobile networks increases, 3G will become a necessity in handling the burden and the wheels within the telecom sector will start to turn again.

Business Week is of the opinion that operators must be bold enough to resist pressure from the financial market and invest to survive.

"Just as the airlines also invest when there is a downturn, the operators must do the same. The operators must invest in the latest technology, otherwise they risk being overtaken and wiped out by the competitors that have dared to invest. Before proclaiming the death of 3G, it is necessary to reflect on how long the industry can survive without it."

SARA MORGE

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New Vodafone acquisition

Vodafone is further strengthening its position as a world-leading mobile operator by acquiring crisis-hit Vivendi's share of Vivazzi for USD 130 million (EUR 142.7 million).

As a result of this transaction, Vodafone now owns Vivazzi, with the exception of Vivazzi France. In a press release, Vodafone says that it will continue to consolidate Vivazzi's operations by offering multimedia entertainment to consumers and fully integrating the operations into Vodafone.

Mobile sales increase

It seems that sales of mobile phones are about to gather momentum again. During the second quarter, 98.7 million mobiles were sold throughout the world, which is an increase of 0.8 percent compared with the year-earlier period. This is shown in figures published by Gartner, which also believes in a continued increase.

"New services like MMS will probably fire up the consumers' need to upgrade their mobiles with color displays during the second half of this year," says Ben Wood, analyst at Gartner.

7,000 more to go

The US telecom giant *Nortel* is to lay off another 7,000 employees in conjunction with a downward adjustment of the third-quarter outlook.

"We foresee a continued downward trend in our customers' willingness to spend money, particularly here in the US. However, the highest priority is now to return to profitability before June next year," says Frank Dunn, *Nortel*'s president.

Following the cutbacks, *Nortel* will have a workforce of 35,000. In December 2000, the company had about 95,000 employees.

The German company *Siemens* also plans to reduce the number of employees at its unit for mobile systems, ICM, but by a modest 700 persons this time. According to Swedish news agency, TT, the *Siemens* Group has reduced its workforce by 33,000 during the past year.

MMS to Sweden in October

Vodafone has become the first Swedish mobile operator to make a definite announcement regarding MMS. As of October, Vodafone's customers in Sweden will be able to send and receive MMS.

"We believe strongly in this service because it combines the opportunities of new technology with people's old need to communicate using images," says Göran Mannerstråle, head of the Consumer business area of Vodafone Sweden.

Initially, there will be an introductory offer, after which the cost will be approximately USD 0.48 per message. To start with, only Vodafone customers will be able to send MMS to other Vodafone subscribers.

"We must hope that our competitors also get started so that there will be a little pressure in the market," says Johan Holmgren, information manager at Swedish Vodafone, to Swedish technology magazine, *Ny Teknik*.



Johan Holmgren

Profinet loses 3G license

The Slovenian operator, *Profinet*, has lost its 3G license because it neglected to remit the first license payment.

The Reuters news agency reports that the operator agreed in July to pay USD 33.9 million for a package of UMTS and GSM licenses. The first payment was to have been one third of the purchase sum.



The starting shot has been fired. The telecom operators must now take the plunge and swim.

126 years of success and drama

The origins of Ericsson's history can be traced at the Center for Business History in Stockholm. Its enormous archive contains more than 600 shelf-meters of written documents and pictures relating to the company. Moreover, the material is freely available to all Ericsson employees worldwide.

The Center for Business History in Stockholm is a non-profit organization that boasts the world's largest archive of company history. A visit to the organization's headquarters just outside central Stockholm is like entering a gigantic warehouse.

The difference is that, instead of foodstuffs, chemicals or mechanical products, this particular storage facility comprises more than 40,000 shelf-meters crammed with company documents, advertising materials, pictures and drawings. The warehouse – or more properly, the archive – contains documents from some 4,000 companies.

"Our mission is to conserve and present the history of business and industry in Sweden. We do this in many different ways on behalf of the approximately 200 companies that are affiliated to the organization as members," says the Center's president, Alexander Huseby.

A ravine full of documents

Most of the companies represented in the archive are Swedish, and Ericsson has its own special section. Between two movable walls of the archive, a "ravine" more than 10 meters long opens up, lined with shelves containing cash-books, drawings and pictures dating from day one of the company's history up to the present day.

One might well ask what useful purpose is served by storing all this material – isn't it more important for a company of Ericsson's caliber to devote its energies to preparing for the future?

"From a strategic viewpoint, history is extremely important to all companies, for various reasons," says Alexander Huseby. "A company's traditions and history help to strengthen such concepts as brand names and corporate culture. Take Ericsson, which has been a company with worldwide operations for more than a hundred years. It is very important to be able to verify this using authentic documents. In particular, it is a significant competitive weapon in countries where the interest in history is stronger than in Sweden, such as China, Mexico and the former eastern-bloc states in Europe.

"A certain amount of historical knowledge about one's own company is also important," continues Alexander Huseby. "It can be sufficient to post selected aspects of a company's history on the net so that employees can access them. These historical vignettes can then serve as ambassadors that communicate the company's history to friends and acquaintances and thereby disseminate a positive image of the company."

Ericsson has been affiliated to the Center for Business History in Stockholm since 1986. The company pays for archiving services and also pays an annual subscription, in return for which the Center actively helps to "market" Ericsson's history.

Pure detective work

"Our cooperation with Ericsson has largely focused on efforts to recreate something that had disappeared for a considerable period," explains Alexander Huseby. "Previously, Ericsson had its own organization that took care of archiving and documentation of the company's history. This unit was subsequently split up, and our task has been to save and collate all these documents."

It has been a far from simple task – more in the nature of

pure detective work. But thanks to helpful Ericsson employees, it has been possible to rediscover unique materials in the most obscure places.

"We have searched through countless attics and basement storage areas. It has even happened in a few cases that retired employees have come here with pictures that they had lying in a desk drawer at home," relates Alexander Huseby.

Halfway through the process of restoring the archive, it occurred to him and his colleagues that the material was so interesting and unique that something more should be made of it. After discussions with Ericsson's corporate communications department, the concept for the DVD disk The Ericsson Files was born.

The DVD, which was completed a year or so ago, together with the book The Ericsson Chronicles, constitute the most extensive documentation of Ericsson that the Center has yet conducted.

"The DVD is primarily intended for external use, and we have discovered that the material is excellent for study purposes, for both researchers and school students," says Alexander Huseby.

Ericsson on the curriculum

Fostering an understanding and appreciation of Swedish corporate culture among young people is an aim in which Alexander Huseby believes strongly. With sponsorship from Ericsson, the Center is conducting a special project aimed at schools, mainly in the form of study visits to the archive.

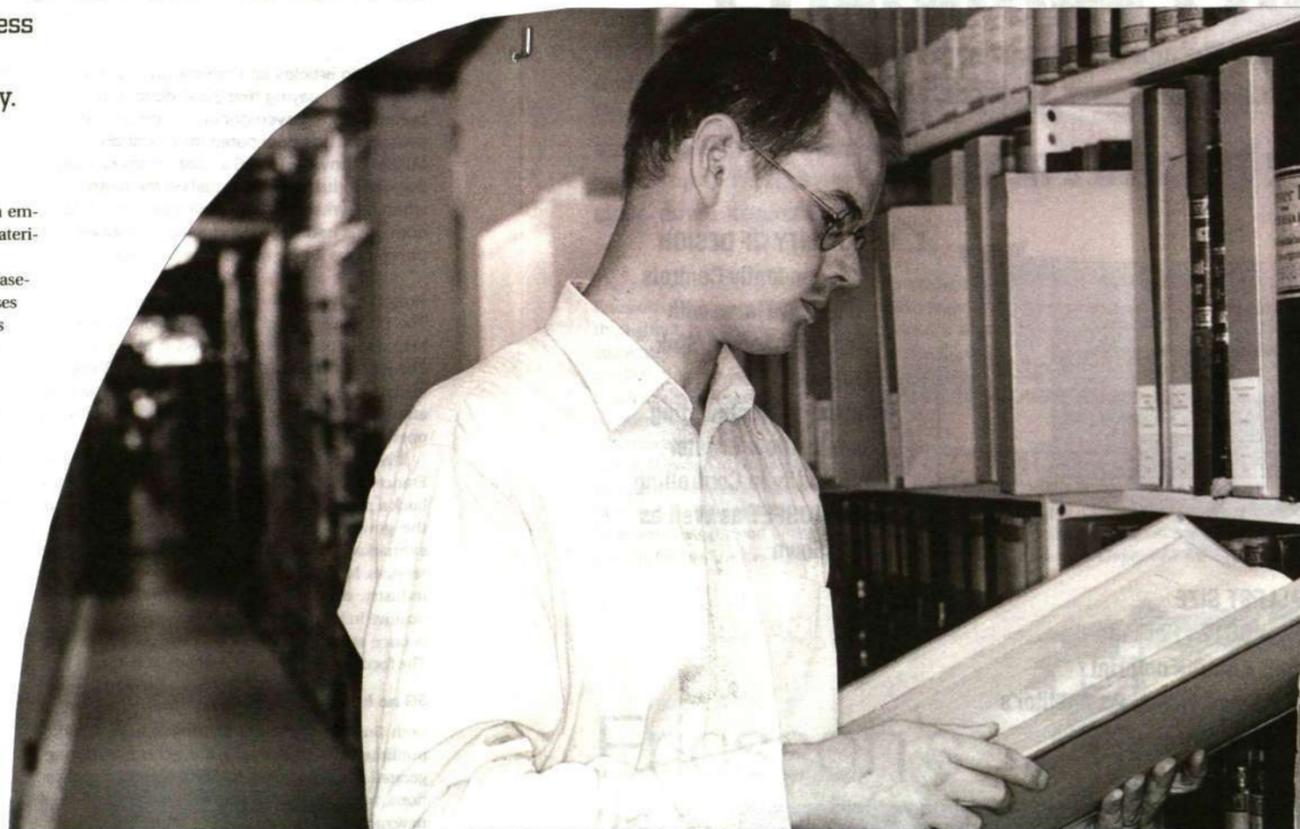
"If you take a look at the learning materials currently in use, you soon find that Swedish company history, in particular, is neglected, to put it mildly. I believe it is extremely valuable for a high-school student to come here and look at Lars Magnus Ericsson's drawings and read the letters he wrote to his colleagues. Hopefully, they recognize that there really is a deep-rooted and genuine corporate ethos in this telecom giant about which they have recently been hearing so much stock-market-related news."

JENZ NILSSON

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Alexander Huseby, president of the Center for Business History in Stockholm, emphasizes the importance of knowing the history of the company one works for, as well as sharing it with the outside world. He believes that history can help to strengthen a brand name and a corporate culture.



Krister likes the smell of Ericsson

No one at the Center for Business History in Stockholm knows more about Ericsson than Krister Hillerud. For him the company has its own special aroma.

The Center has one or two real experts on each of the companies affiliated to the organization. In Ericsson's case, the name of the expert is Krister Hillerud. Hearing him talk about Ericsson, one realizes how much pleasure he must feel when he comes to work each morning.

"Yes, it's quite fun really," he says thoughtfully.

Oil-stained memories

Although there are still gaps to be filled in the latter part of the archive, Krister Hillerud is still pleased with what he and his colleagues have managed to put together.

"I really feel there is a smell of business about the Ericsson collection we have here – one gets a sense of the pioneering spirit, hard work, success and drama," he says. "The most interesting feature is that we have documents representing every echelon in the company archived here, meaning everything from these splendid account books to production manuals that are still stained with oil, and in which you can study the marginal notes made by the supervising engineer."

Easy to sympathize

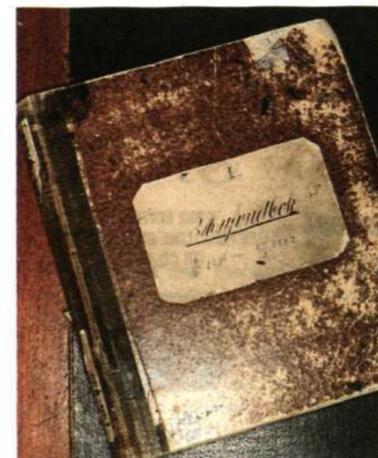
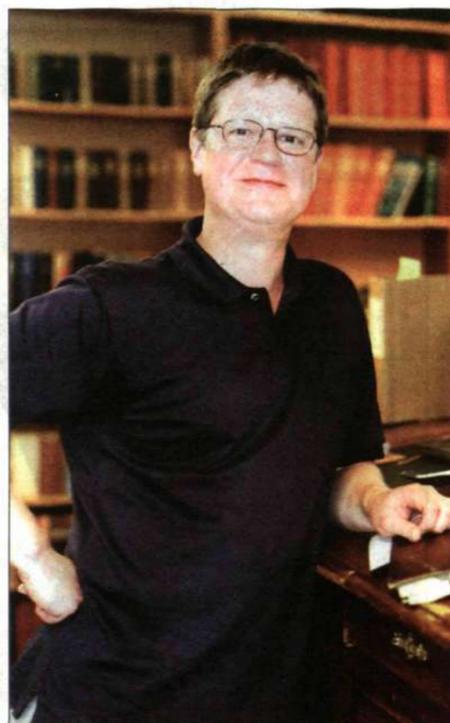
Krister Hillerud maintains that anyone who takes the time to study the archive in detail will soon find people from the company's past who merit sympathy, or perhaps contempt. The section concerned with Ivar Kreuger's involvement in Ericsson is recommended for those who like excitement, while the sometimes quite tender letters written by Lars Magnus Ericsson to his wife Hilda may have more appeal to the romantic.

Krister Hillerud guides us onward through the decades at Ericsson, until it is time to present the crown jewel of the collection. He carefully removes from its protective packaging a ledger dating back to the company's very first year of operations, 1876. The book's cover is slightly dog-eared, but the contents are strikingly well preserved.

In black ink, Lars Magnus Ericsson and his wife Hilda have themselves filled in income and expenses, prices for raw materials to manufacture telegraph apparatus, and so forth. At the back of the book is a list of the company's employees (totaling some 20 persons), each with their name followed by their currently monthly wages.

Krister Hillerud is the Ericsson expert at the Center for Business History in Stockholm. He enjoys honing his knowledge in the extensive archive, which he feels has the smell of business about it.

PHOTO: TOMMY JOHANSSON

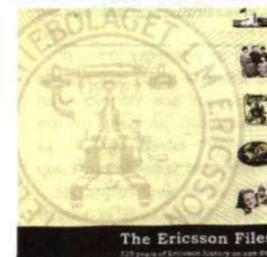


THE CENTER FOR BUSINESS HISTORY

The Center is a non-profit organization that currently employs 29 persons. Some 200 Swedish companies are affiliated to the organization and pay an annual membership fee. As well as performing a purely archival function, the Center helps companies to relate their history through a variety of different media. The feeling at the Center is that Ericsson could make far better use of its services than is currently the case.

The organization operates internationally, which means that if, for example, Ericsson in South America wanted help with an exhibition, it could turn to the Center for Business History in Stockholm.

The crown jewel of the Ericsson archive at the Center for Business History in Stockholm is this ledger dating from 1876. The ledger contains notes by both Lars Magnus Ericsson and his wife Hilda.



The Ericsson Files is a DVD containing a compendium of Ericsson history. The disk was produced as a collaborative project between Ericsson and the Center for Business History in Stockholm.

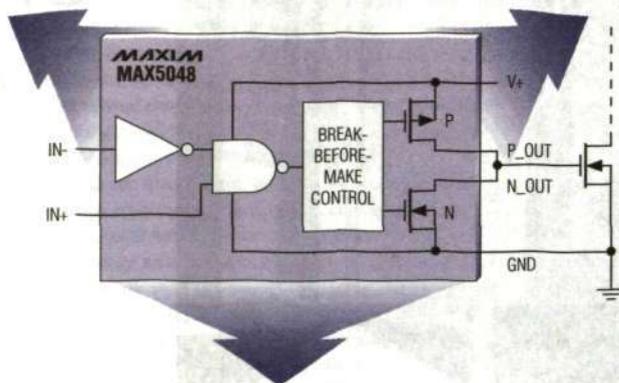
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One company, one system

After barely a half-year in business, Ericsson AB is undertaking the mammoth task of phasing out the majority of its applications and imposing consistency throughout. By the end of 2003, all of Ericsson AB will use a system called CBS, Common Business Solution, based on the SAP system. Furthermore, many of Ericsson's market units and market areas will also implement common programs and close down applications.

The move follows the restructuring directives from Ericsson's COO, and is just one among many programs throughout Ericsson to make IS/IT functions more efficient. Ericsson AB program manager Åke Karman predicts this move will ultimately touch nearly every employee.

"We're one company now, whereas we used to be more than twelve. We need to control the total company with one system and we need to have common processes," he asserted. At the end of the integration, CBS will be the main appli-



Åke Karman

cation but not the only one. The idea is to pare down to as few as possible, leveraging both the rollout of CBS and migration to other common applications.

Some business units have already started transferring their data to CBS, including Flow Centers, BTIN/Borås and parts of Business Unit Systems.

"The benefits are significant. Not only do we reduce cost, we will simplify working with each other," says Åke Karman. "And for employees, they can move more easily between different parts of Ericsson without having to learn all-new programs and applications."

Ericsson has used a system from the enterprise software developer SAP for several years. CBS is a version

of SAP's system, consisting of applications for finance and controlling, customer-relationship management, ordering, finances, human resources, and more. CBS is a merger of two prior solutions; Flow Control Solution (FCS) and Market Unit Solution (MUS). In the new solution new functionality has been added that did not exist in the prior two systems, including a full financial solution.

Åke Karman is responsible for the implementation of CBS within Sweden. "CBS is initially built for Ericsson AB, but further down the line it will be developed to suit other Ericsson companies. The program will ensure that the rollouts are in harmony, reducing the total number of application versions that are out there," he said. "The current focus in the Ericsson AB program is to make sure all activities meet the deadline."

"The journey toward one united system will require changes in our ways of working," admitted Åke Karman, "But the overall situation makes it necessary for us to standardize and shut down a huge number of applications."

DODI AXELSON

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Ericsson's hitman targets costs

It's estimated that removing various applications can save Ericsson hundreds of millions of Swedish crowns. Göran Kördel is heading the part of the Ericsson AB program that identifies applications that to be eliminated. In other words, he is Ericsson AB's hit man, hired to identify and kill costly programs and applications that will be replaced by the Common Business Solution.

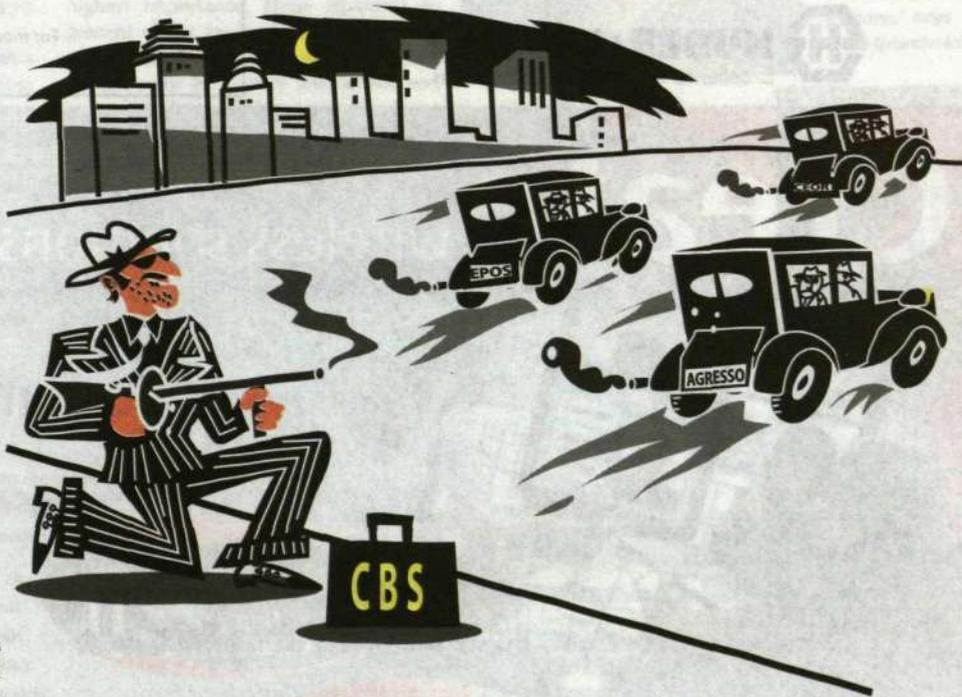
A number of Ericsson companies around the world are shutting down applications as part of IS/IT reductions.

"It's very expensive to buy the applications and licenses, plus have support and maintenance, not to mention infrastructure," says Göran Kördel. "We have a quick way of saving money here."

280 applications within administration at Ericsson AB are targeted for elimination. "We are talking finance tools, factory systems



Göran Kördel



Agresso, Epos and Ceor are three of the many applications on the way out of Ericsson AB.

ILLUSTRATION: KEROLD KLANG

tools, ordering systems, planning tools, sales tools, stuff like that," he lists.

An application is basically starved before it's scrapped. "First we determine which applications can be migrated into CBS, which can go into other common Ericsson systems, and which can just go. Then we set up a reasonable time frame and take it in steps," explains Göran Kördel.

He uses order handling as an example: First, users quit inputting information, then closedown starts. No more updates are made on the orders. Once orders are finished and closed, the remaining objects are removed. The system might stay up for a while for reporting purposes, but then the servers are finally

taken away and the information is archived for legal reasons.

"It's not just to stop putting stuff in, you have to go the whole route. It's important to terminate all license and service agreements," says Göran Kördel. "And when you close down, you have to work closely with implementation process so those applications are complete."

"If we just implemented CBS we would not get the cost reduction," insists Göran Kördel. "It's important to consolidate the operation and work with a very few common systems. It's the only way forward."

DODI AXELSON

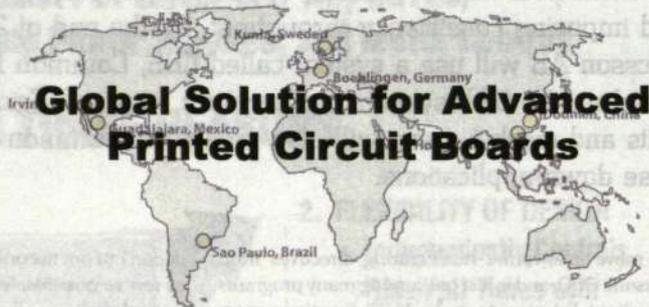


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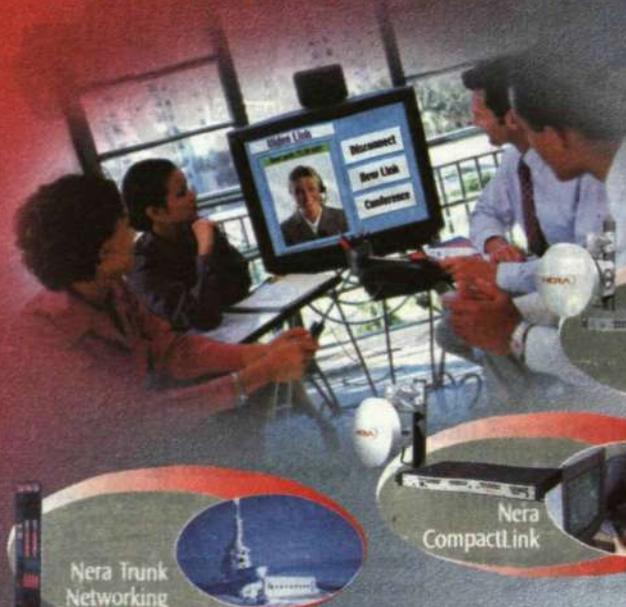
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Commitment lifts Ericsson

The employees' commitment has contributed to Ericsson's ability to handle the telecom crisis. This is one of the conclusions drawn after the collation of the Dialog survey results. However, it is now important to further increase the level of motivation among employees. The key words are leadership and customer focus.

The past eighteen months have been dominated by declining markets, reorganization and cutbacks. With this in mind, it could be expected that the Dialog result for 2001 would be depressing reading. On the contrary; the result is really positive. The human capital index, a measurement of the organization's health and the commitment of the employees, even shows a slight improvement compared with a year earlier. In the comments on the report, it is even stated that Ericsson would have been more badly affected by the telecom crisis if the index had fallen during the past year, that is, if the employees had been less committed.

The reason is that there is a clear connection between the employees' motivation, customer satisfaction and the company's profitability. This is also the reason that Dialog is conducted. Perhaps the most important task for the foreseeable future is to further increase the level of motivation among the employees. The Dialog survey shows that as many as 10,000 employees believe that they could do more for the company and this means that the manager's ability to motivate is a significant factor.

"It is clear that the managers who establish distinct goals, who reach consensus with employees regarding improvements and who follow up their work, achieve higher values in terms of motivation and human capital. In this case, it is important that managers acquire insight regarding the importance of strong leadership. Many managers have a difficult situation under the prevailing conditions, but they must simply allocate the time required for the employees. We can see that the managers who work actively on their management can also increase their index values substantially," says Britt Reigo, Ericsson's senior vice president, People & Culture.

It can also be deduced from Dialog that employee motivation is linked with the extent to which they feel that their work is important for the customer and business. Creating

this feeling among all employees is also an important task for the organization.

"It is a matter of putting things in the right context, with everyone regarding the customer as our principal," says Catherine Vincenti, who has corporate responsibility for the Dialog survey. "For example, we must stop referring to internal customers. Work within the organization is cooperation, nothing else. The customer is always external," she concludes.

A corresponding survey is also conducted regarding how satisfied customers are with Ericsson as a supplier. This survey also demonstrates the connection between customer satisfaction and the attitude of employees.

"When it comes to the extent to which customers are satisfied with us, cooperation and communication are the factors with the highest importance. These represent 30 percent of the customer's attitude, much more than, for example, product performance, value for money and service and support. It is evident that employees who are discontent at work have difficulty in maintaining positive relations," says Marie Brandvold, director of Ericsson's customer satisfaction program.

"It is now up to the managers to take their leadership positions seriously. One way of doing this is to use the Dialog results as an instrument for listening to the organization - What can be done to help the department achieve better results? It is not possible to force anyone. You have to motivate your employees," concludes Britt Reigo.

LARS-MAGNUS KIHLMSTRÖM
lars-magnus.kihlstrom@lme.ericsson.se



"Managers who establish distinct goals achieve higher Dialog results," says Britt Reigo.



"Employees who are discontent at work have difficulty in maintaining positive relations," says Marie Brandvold.

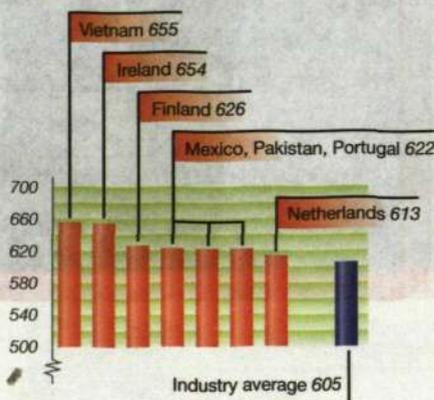


"The customer is always external," says Catherine Vincenti.

RESULTS FROM THE DIALOG SURVEY

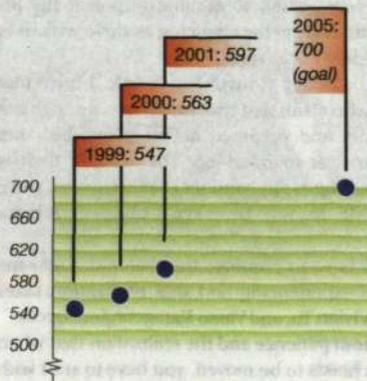
Top 7 local companies

These local companies have scored the highest on Human Capital Index so far this year.



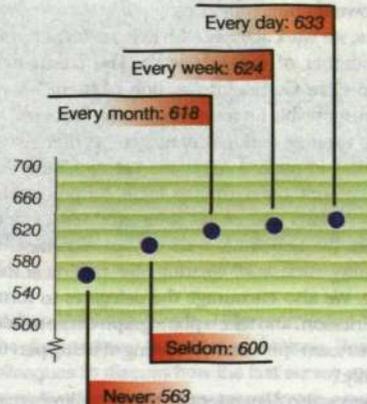
Ericsson average 1999-2001

The average result from Dialog has increased since the start in 1999. The goal is to reach 700 in 2005.



Customer contact effect on Human Capital Index

The diagram shows a strong correlation between customer contact and Human Capital Index. To increase employee customer awareness is an important task for managers.



Good managers key to motivation

When profit, sales figures and forecasts all point in the right direction, motivating employees is easy. But what do you do in periods when markets get smaller and profits disappear? *Contact* assembled four Dialog spokespersons from different parts of the world to find out how they are approaching this issue.

The issue of motivating employees is occupying human resources and management development personnel throughout the Ericsson organization.

When *Contact* meets some of these personnel, they are all in agreement that motivation is a matter of leadership and the formulation of objectives.

"Motivation is all about management behavior. If we have good managers and distinct goals, everyone knows what they have to do and why. If the communication of goals functions, then we can raise motivation levels," says Vasso Karageorgiou, responsible for competence development in the market unit Southeast Europe.

Birgitta Hiller, who works with management development at the Systems business unit, agrees:

"It has a lot to do with management and how the question of feedback is handled. A personal-development discussion during the year is not enough; a continual feedback process is needed. This is vital if employees are to recognize how individual duties are linked to the business as a whole and to feel that they are making a contribution. The most important aspect is the formulation of goals for an operation. It is only when one is clear about the goals that a person can think about how he/she can add value. A good manager must always be clear in his communications, resolve conflicts as they arise and lead by example, not merely produce slides and talk about how the job should be done."

Pay rise a short lived motivation

On the other hand, application of the carrot-and-whip method is regarded as a bad alternative, since one-off efforts are insufficient if motivation is to be sustained.

"When asked to define what motivates them, people will often cite a rise in pay. But such rewards have been shown to have only a short-term effect. Shortly after a raise, motivation levels are affected by factors other than pay," says Vasso Karageorgiou.

Central management training programs are in place to produce good managers and units at local level conduct their own training programs.

"In China, we work actively with management training in a number of different ways. The company's 'Leadership Core Curriculum' is one of them," says Vivian Tu, responsible for internal communications.

"We also arrange national managers' conferences, which is vital in such a large market as China. At these conferences, the managers focus on producing common solutions and exchanging experiences and information. We also work with various activities to promote unity, such as all wearing blue t-shirts at the conference. We also encourage the delegates to form the word 'Ericsson', and take a photograph of the result. This inspires team spirit and the feeling of being part of a large family."

Motivation is also dependent on the prevailing situation and environment. In southern Africa, for example,

HIV/AIDS is a reality that affects many and thus the situation in the workplace.

"When we arranged workshops around the Dialog results, we received demands for improved communication and more open access to management, but also noted that many wanted greater opportunities to look after their families. In our country, many families have been affected by HIV/AIDS and the high unemployment here means that our employees are very often the only providers in their families. Accordingly, those who have to travel in their work are concerned about what happens to the family during their absence.

"So we started a cooperation with counselors, doctors and legal and financial advisors via a Web site, so that employees and their families can now obtain help and counseling. This initiative has been well received and our people are highly positive," explains Lindiwe Mahlaule, who works with personnel development at Ericsson in South Africa.

Workshop helped contact

The current division into market units has also created some specific problems, according to Vasso Karageorgiou; problems that Dialog has made it possible to resolve or alleviate.

"For example, a department encountered a major problem when a new manager was appointed following the establishment of the new market units. The personnel wanted to meet with their new boss and hear his views about the operation and their future. The problem lay in him being based in another country and hadn't had time to visit his employees. In this case, we simply arranged a workshop, which the manager attended and where he put matters right."

A great deal is thus already being done in the company, but the target is that Ericsson's human capital index shall be raised from a mediocre 600 to 700 within the next few years. How will this be achieved?

"Management can be improved, but it is also up to each and every person to assume responsibility for change, particularly in the changing world in which we live," says Lindiwe Mahlaule.

"We can be better at involving people. I have met employees who claim that they have gone through the Dialog results and prepared action plans, but that nothing was ever followed up. The attitude then is that it is meaningless to conduct Dialog surveys, since no action will anyway be taken," observes Birgitta Hiller.

"You also have to consider the major changes the company is experiencing and that motivation takes time," says Vivian Tu, and Vasso Karageorgiou agrees:

"It's all about patience and the realization that when a mountain needs to be moved, you have to start with the smaller stones."

LARS-MAGNUS KIHLMSTRÖM

THE DIALOG

• Dialog is used by several large companies, such as AT&T, Lucent, Microsoft, Telia, Telenor, Swedbank and Sun Microsystems. The results are used as benchmarks for the other companies.

• Human capital can be described as the overall value that our personnel and their use of processes add for our customers and meeting their business goals. The index figure measures this value creation.



Vasso Karageorgiou, Lindiwe Mahlaule, Birgitta Hiller, and Vivian Tu are all responsible for the dialog survey in their organizations. Recently they meet with other colleagues to discuss how the last survey result can be used to raise the motivation and empowerment levels among Ericsson's employees. PHOTO: ECKE KÜLLER

His+toric contract with Red Cross

Ericsson and the Red Cross are making history together.

At the World Summit on Sustainable Development in Johannesburg they initiated one of the most extensive cooperation agreements ever between a relief organization and a private company.

The goal of the new agreement between Ericsson Response and the International Red Cross (IFRC) is closer and more long-term cooperation in the area of disaster relief. The two organizations will contribute equipment, know-how and personnel in a joint disaster-aid program, which will also include the training of relief workers. The agreement is unique in the area of cooperation between an individual company and a relief organization.

"This is an important milestone in terms of mobilizing support from the private sector for sustainable development. The agreement covers not only immediate personnel needs but also preventive and risk-reduction measures," says IFRC General Secretary Didier Cherpitel.

The purpose of the cooperation is to alleviate the damage caused by disasters throughout the world by deploying resources in emergency situations but also through preventive work and raising preparedness levels in severely affected regions.

Examples of such measures include the preparation of procedures and action programs for disaster situations and the preparation of telecommunications solutions. Work also focuses on mobilizing authorities, relief organizations, private companies and other parties with the aim of increasing awareness about the need for aid and support when disasters strike.

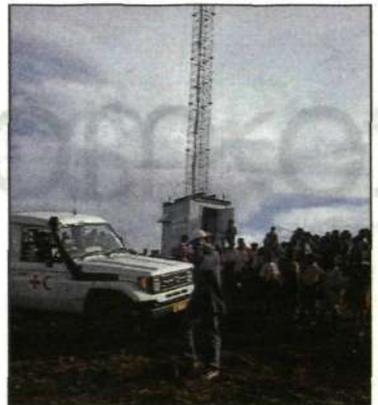
"We who work in the telecom sector have a unique opportunity to influence world development, but it also involves a major responsibility. The most effective

way for us to assume our social responsibility is to cooperate with leading humanitarian organizations, like the Red Cross. We hope that we can inspire other companies to follow our lead," says Mats Dahlin, manager of the Europe, Middle East and Africa Market Area.

Ericsson and the IFRC have cooperated before in a number of individual projects. The most recent was in northern Tanzania, where Ericsson and the operator, Mobtel, set up mobile communications for relief workers in a refugee camp. The two organizations also cooperated last year to help those affected by the earthquakes in El Salvador and India.

TONYA LILBURN

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Most recently, Ericsson worked with operator Mobtel in northern Tanzania to set up mobile communications for relief workers in a refugee camp.

PHOTO: ANDERS WIHLBORG

How can we contribute to sustainable development in the future? This was the question discussed in Johannesburg at the beginning of September by more than 20,000 delegates from all corners of the world. Ericsson's response is Micro Operators, a business model that can reduce the "digital divide."

Communication is a key factor in the economic and social development of the Third World. This was Ericsson's message to the World Summit on Sustainable Development. But so far, the digital divide is still substantial. For example, more than five billion people

around the world have no access to a telephone.

This is a situation that Ericsson wants to change by presenting a solution for those countries that do not have the resources to make the large-scale investments telecommunications require.

"Our miniGSM is a small-scale, expandable, low-budget alternative that we have developed specifically to meet the de-



Mats Dahlin

mands of developing countries," says Mats Dahlin, manager of the Europe, Middle East and Africa Market Area.

The system consists of a small MMSC and an MDSC base station control unit based on a mini version of the AXE 10 exchange.

Additions can be made, such as radio base stations, microwave or satellite equipment and other functions. The idea is that local entrepreneurs, so-called micro operators, would lease capacity in a MiniGSM system and then sell telecom services to the general public. Since the system is relatively inexpensive, it can even be

installed in rural areas, where it would otherwise be difficult to justify large infrastructure investments.

"The micro operator concept provides rural communities with access to the training, information and services that were previously denied to them," says Mats Dahlin.

MiniGSM is available in the market and already in use in some ten countries, including Afghanistan and Tanzania, in conjunction with disaster-relief programs.

TONYA LILBURN

Professional demands and inner motivation:

YOUUnique Issue 3 | September 2002

What you can do to reach your full potential

Learn about motivation and how to be your own coach in the new issue of YOUUnique. In this edition you will also read about 3G competence demands, the Fish Theory and new sales tactics.

university.ericsson.se

ERICSSON 



With careful planning and the efficient use of resources, it is possible to make a large amount of progress. In just one year, the Business Unit Global Services has reduced its travel costs by 70 percent.

PHOTO: SAS

Generally, business travel represents the fourth largest expense for major international companies. It is therefore natural that Ericsson is seeking to keep this cost down. Savings are possible, not only by cutting back on travel, but also by considering all of the component costs of a trip.

The art of economizing

Alisa Bornstein heads an efficiency improvement program for business travel within the Business Unit Global Services. In just a single year, the business unit has reduced its travel costs by 70 percent.

"In part this is due to the fact that we have adhered to the corporate group directives and cut back on travel generally. In addition, each trip is now conducted in a manner that involves better planning and more cost savings," explains Alisa Bornstein.



Alisa Bornstein

The corporate Travel Management Group has developed a policy that has been highly useful in her work. She has refined this to suit operations within Global Services. The business unit is also conducting a pilot scheme using the Webbro electronic ordering system for booking tickets, which provides discounts from the travel agencies. A comprehensive process has been developed including procedures for booking trips, approval of and review. Alisa Bornstein gives an example of how the procedures work:

"The travel agency offers the person placing the order the least expensive alternatives, but if the traveler selects a more expensive alternative, a report is automatically sent to me by the travel agency. I then discuss with the traveler and the managers concerned the reasons for choosing a more expensive trip. The intention is not to be a kind of police officer but to create aware-

NINE STEPS FOR COST-EFFICIENT TRAVEL

- Appoint an individual with responsibility for travel matters.
- Organize video and telephone conferences to the greatest possible extent.
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- Complement the policy with a clear process outlining the entire flow from the planning of a trip through to review.
- Introduce the Webbro travel system.
- Book trips electronically without calling a travel agency. This provides a further "e-discount."
- Publish illustrations visualizing travel costs and savings on the net.
- Inform all employees about news, travel trends and potential savings.
- Support your travelers actively – introduce door-to-door travel-cost thinking.



ness. This also gives me the opportunity to provide information about guidelines, new agreements and travel models."

Of the total travel cost, air tickets represent only 50 percent. The rest comprises hotel costs, per diem expenses, car rental, insurance, representation and so on.

In planning a trip, it is also important to use time efficiently and to avoid indirect costs, such as lost work time. By weighing up all parts of the trip, both direct and indirect, one achieves what Alisa Bornstein calls door-to-door travel thinking.

"The operations of the Business Unit Global Services necessitate travel. With door-to-door travel thinking, we can continue to do a good job but at a lower cost. It

is also important that managers continue to set a good example."

Alisa Bornstein explains that it is important to be accessible and to keep employees informed about new agreements with travel agencies and airlines. The current economic climate has put pressure on the travel industry and competition is fierce. New offers often appear that are advantageous for Ericsson.

"If we take continual care to adhere to the guidelines, we can reduce costs for business travel at Global Services by a further 10 percent. That's a lot of money," says Alisa Bornstein.

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EDGE steps into the limelight

Having been nearly completely overshadowed by the WCDMA and CDMA2000 3G systems, GSM has been developed step by step to also reach 3G level, usually stipulated as 384 kbps. In the autumn, major US operators will launch the commercial 3G system for GSM under the EDGE name.

GSM is by far the world's leading mobile system. In fact, it is the only one that can be called a world standard. The system is currently installed in 155 markets and serves about 700 million users. Ericsson has made a highly active contribution to this development and the standardization of the technology.

However, GSM, which began to be developed as early as the 1980s and was taken into commercial operation in 1991, was originally a circuit switched system with rather modest data speeds. This was 9.6 kilobits per second and exclusively circuit-switched – entirely optimal for voice. When the demands for larger bandwidths emerged to enable the sending of data and access to the Internet, as well as raising the general service level, GSM progressed into the world of packet-data.

GPRS the first step

The first step was GPRS, which was launched in 1997 and supplemented the circuit switched system with packet data nodes to access the Internet. GPRS – General Packet Radio Services – means that data packets are sent on vacant time in GSM channels, parallel with voice, in a flexible manner. In practice, this is four to five of GSM's eight time slots, providing speeds of up to 50–60 kbps. However, this is still far from the demands of 3G.

"The real boost is coming now in the form of EDGE, which is primarily an improved technology to modulate the carrier wave and will substantially raise the service level," says Jonas Näslund, head of product management for the GSM radio access network.



Jonas Näslund

Classic GSM uses a method for modulating the radio carrier wave that is called Gaussian Minimum Shift Keying (GMSK) and is based on phase and amplitude modulation, with two modes so that each symbol corresponds to one bit. The new method, 8 PSK (Phase Shift Keying), has eight modes, which means there are three bits per symbol, or three times the bit speed. Combined with a number of other improvements in coding, among others, EDGE reaches about five times the speed of GSM/GPRS, which means about 384 kbps.

EDGE is retroactively compatible with earlier GSM and is easy to upgrade, making GSM a technology that will be secure for the future.

November launch

"The large operators, AT&T and Cingular are now starting field trials aimed at a launch in November this year and commercial operation before the end of the year," says Jonas Näslund.



With EDGE modulation, every symbol provides three bits instead of, as previously, one.

Ericsson is putting a vast effort into the final integration and verification of the system using EDGE terminals. During the year, Ericsson also delivered new mobile switches that are based on the AXE 810 and a large number of new base stations – RBS 2206 and 2106 – to North America and these are equipped for EDGE. When EDGE is launched, users will be offered both GSM/GPRS services that already exist and new 3G services, such as streaming of multimedia features and real-time services.

EDGE is being launched commercially in the US first because WCDMA will arrive later there due to the distribution of frequencies. However, the rollout in Europe and Asia is imminent.

At about the same time as EDGE starts up, the new voice-coding method, Adaptive Multirate Coding (AMR), will be launched. AMR always selects the best voice coding for enhanced voice quality. Positioning technology will also be launched, providing an opening for a number of new services.

LARS CEDERQUIST

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Read about this in Ericsson Review, 1:1999 and 2:2000.

www.ericsson.com/review

Toshiba promotes WLAN hotspots

One of the leading suppliers of portable computers, the Toshiba Computer Systems Group, is powering the build-out of WLAN (Wireless Local Area Network) hotspots. The target is approximately 10,000 hotspots in the US in one year's time.

These are places such as hotels, airports and cafés where wireless users can access their company networks with extremely high transfer speeds, known as 802.11b. In June, Toshiba launched a unit that WLAN operators can easily connect to their broadband networks and in August, integration with the iPass Global Broadband Roaming (GBR) service was introduced. Headquartered in California, iPass is a global company, which develops solutions providing users with secure access to their company networks, e-mail and the Internet.

www.80211-planet.com/news/article/

How to avoid interference in complex systems

As systems grow increasingly complex and connections take less than 100 picoseconds (1/10th of a second) it becomes increasingly important to safeguard signals and ensure that electromagnetic disturbances do not occur. In fact, it has been necessary for leading designers to rethink large parts of their arrays for just such reasons. The faults do not involve logic but rather layout and implementation.

Ericsson now organizes courses in Signal Integrity (SI) and Electromagnetic Interference (EMI) with experiments carried out on real hardware at a laboratory in Stockholm.

system.ericsson.se/sysprop/services/emc/train/

Demonstration impressed WCDMA 1900 customers

"When operator AT&T Wireless Services recently visited Ericsson in Sweden, a demonstration of functioning WCDMA 1900 MHz equipment made a strong impression," explains Lars Axelsson, who works with customer contacts for UMTS.

On a visit to the Gävle facility, they had the opportunity to see a fully equipped 1900 base station, ready for testing, and a fully tested Radio Network Controller (RNC), about to be shipped to the US.

"Also, probably as the first in the world to do so, we managed to demonstrate a functioning 1900 data packet switching operation where a data file was downloaded at a speed exceeding 300 kbps.

WCDMA in the 1900 MHz bandwidth is a new development for the US market that was ordered by AT&T.



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gordon.ericsson.se

ehde.ericsson.se

SUCCESSFUL DEMONSTRATION OF EDGE

On August 21, a successful laboratory demo of EDGE was conducted for the US mobile operator AWS. File transfer and surfing were demonstrated

and speeds of 50 kbps were achieved, although only one time slot was used. This is regarded as a milestone in the development of EDGE.

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PKC Group's net sales in 2001 totalled EUR 125.1 million. The Group has about 1,400 employees.

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Ericsson – a dream partner

Swedish entrepreneurs say that the best major supplier to work with on new ideas is Ericsson.

Ericsson's research director Håkan Eriksson received the award at a ceremony in Stockholm City Hall.

"It's great that Ericsson is being recognized in this context, and it is also important for us to have mutually beneficial partnerships with entrepreneurs. The new wireless world needs many attractive applications. We can only produce a few of these ourselves. The rest must be developed by external partners, in some cases in collaboration with us," said Håkan Eriksson.

911 entrepreneurs with at least SEK 5 million, USD 0.5 million, in annual sales participated in the survey, nearly half of whom are active in the IT industry. Management consultants Headworks and the



Håkan Eriksson, research director, is proud that Ericsson is so popular among entrepreneurs.

PHOTO: DENNY LORENTZEN

entrepreneurs' association Founders Alliance sponsored the survey.

LARS-MAGNUS KIHLMSTRÖM

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Hungarian research prize

Miklós Boda, head of Ericsson Hungary's R&D unit, has been awarded the Neumann medal. The award is named after John von Neumann, born János Neumann, who is considered one of the remarkable mathematicians of the last century. The medal is given yearly to select IT-specialists, who by outstanding achievements have contributed to the development of the Hungarian information technology as well as its recognition abroad.



Miklós Boda

New link to communication

Internal Communications is looking to communicate more. A new link on Inside allows readers to mail questions, comments and suggestions on topics to be explored. The editorial team is now investigating other possibilities to make the internal news sources, including Contact magazine, more interactive.

new appointments

Dalibor Turina has been appointed expert in the area of WCDMA/GSM Radio Systems, Radio Access Network Architecture.



Dalibor Turina

new assignments

John Giere, has been appointed head of Business Development within Business Management & Sales Push at BU Systems. He was previously head of Branding & Marketing Communication within Corporate Function Marketing & Strategic Business Development.



John Giere

Anil Raj, previously head of Strategy & Business Development within Sony Ericsson, has been appointed head of Branding & Marketing Communication within Corporate Function Marketing & Strategic Business Development.



Dan Redin

Dan Redin has joined ETC as vice president of Ericsson China and head of Ericsson China R&D Institute. He was previously head of Product & System Management in Core Unit Radio Network Development.



from the archives

In spring 1959, four coast artillery soldiers from Hårnösand, in northern Sweden, traveled to Stockholm as a reward for their work. Sinnika Holmgren charmed the elite soldiers during their visit to LME.

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How about a positioning service for dogs who tend to stray? EMEA employees have plenty of great ideas and soon the other market areas will have the same opportunity.

PHOTO: ANDREAS LINDH

Something to talk about

Market area Europe, Middle East and Africa, EMEA, asked all of its employees for advice, and the response was overwhelming. The Talk Time contest has already generated well over one thousand suggestions as to how operators can increase the use of mobile phones.

"Almost all market units in EMEA are participating, with Nordic & Baltic MU in the lead so far. It's great to see how enthusiastic everyone is," says Natascha Stein, project leader and business development manager for Germany, Austria and Switzerland, DACH.



Natascha Stein

Three people are currently working full-time with the contest, coordinating the event, maintaining the Web site, and pre-screening the entries.

"By the end of September, when the competition is over, we will evaluate all of the responses. There could be as many as three thousand," Natascha Stein estimates.

The Talk Time contest was first held a year ago in market unit DACH, where near complete coverage and high penetration no longer created sufficient demand for infrastructure.

"Simply promoting the technology isn't enough anymore. But if people start using their phones more often and for longer periods of time, network capacity will have to increase. This would mean more business for Ericsson," says Stefan Hedelius, responsible for mobile voice services at DACH.



Stefan Hedelius

The Talk Time contest is, in other words, an attempt to gather Ericsson's collective knowledge of the wireless market. The submissions will be evaluated according to what benefits they provide

for operators, end-users and Ericsson. By mid-October, the winning entry will be announced.

"We want to know what kind of services people really want, and Ericsson employees are end-users themselves. We can't forget that," stresses Stefan Hedelius.

The submissions range from news, gaming and positioning to dating services and toys. Some want to receive advice when traveling – some want access to wireless karaoke. While some ideas are still at the imaginary stage, others are just about ready to implement, and the operators are thrilled.

"They appreciate our sharing this information with them. It's important that we not only discuss technology with operators, but also strategy and marketing, as well as what products and services to offer. Change in this direction is beneficial for everybody involved."

Other market areas are considering similar contests. Stefan Hedelius emphasizes that although the concept of the Talk Time contest is both inexpensive and simple, it is effective.

"Imagine if we were to take five or ten minutes of our employees' time every week just to gather their ideas about anything. I'm sure it would give immediate results," he says.

"In the end, it could bring about a new way of communicating, where all employees feel that their ideas are appreciated and valued, no matter where in the organization they work."

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column

LARS-GÖRAN HEDÉN
corporate editor

Time to turn the page

On Friday, September 6, Ericsson was able to greet the world with a broad smile. Hordes of financial journalists and analysts, who for months have appeared to have the task of questioning whether the company's rights offering would succeed or not, were able to shrug their shoulders and say, "Yes, just as we expected." Hmm. Sometimes, you can't help but wonder.

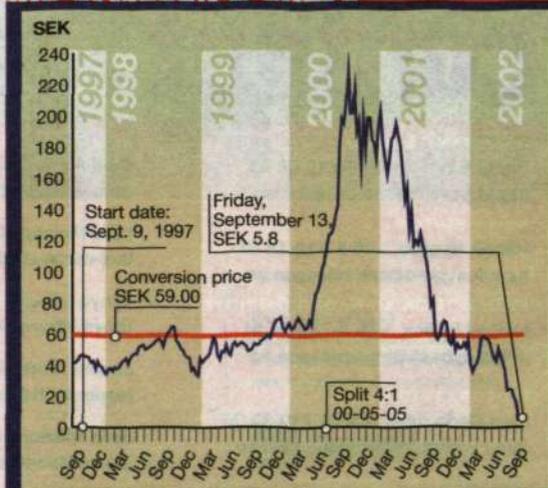
The rights offering had been brought to a successful close and was even substantially oversubscribed. Not only did existing shareholders – large and small – demonstrate in this manner a strong belief in Ericsson's prospects for future development, but large numbers of new Ericsson shareholders have also been added in recent weeks. In Sweden alone, which is actually where most small shareholders are located, it appears that nearly 180,000 new Ericsson shareholders have been added. This, if anything, demonstrates the strength of support for our company in the home market.

Although the wait for better times in the telecom sector is tedious, we have every reason to be proud when we tell people where we work. The message that the decline in Ericsson's profitability is the result of an industry phenomenon seems to have been understood by the people in the street.

Following the rights offering, we can gradually loosen the multiple muzzles that have put a damper on communications from the company, and to a large degree on the content of Contact. We have been accustomed to quiet periods in the past, prior to year-end reports, but as far as I can remember, there has never been what has been termed an super-silent period.

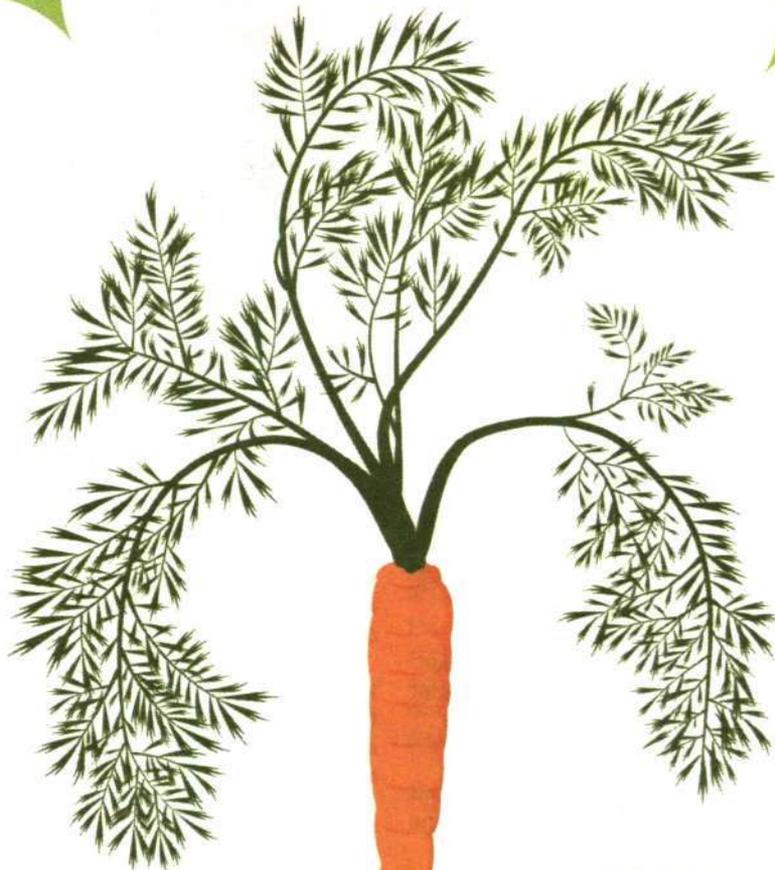
The information restrictions will be eased after the end of September, but this will be followed by a couple of weeks of interim report silence, which means that the news columns will not become properly filled with activity until after October 18. The condition is that things begin to move in the market, so that there is something to make a noise about. This is precisely what we are all waiting for.

the ericsson b share



For additional information, access the website:
<http://inside.ericsson.se/convertibles>

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Ericsson University

**3G Standstill
Obstacles to
overcome** p4

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yourself** p6

ERICSSON 

What is that force that drives us to reach for certain things? Well, it's a little thing called motivation and it doesn't fall under the "can't be explained" category. To become and stay motivated is a process you can start at this very moment. Text: Timothy Hebb

It's all in the goal

Only by getting to know your employees will you be able to bring out their inner motivation, says Professor Michael A. Barr. Another way of shaping the future is setting goals – but they must be realistic.

Researchers are becoming more and more aware of the importance of appreciation in the workplace.

– Every employee must feel appreciated by the company in order to find his or her inner motivation, says Professor Michael A. Barr of the Chicago School of Professional Psychology.

This implies that Barr, like many other professionals in the field, knows it is difficult to distinguish between inner and outer circumstances for optimal motivation.

– The environment surrounding the employee must encourage participation for the staff to be motivated and encouraged from within, he says.

Barr is an Industrial and Organisational Psychologist who specializes in organizational development and leadership development. He has worked with several volunteer organizations, where inner motivation is a natural component.

A good test, according to Barr, of motivation at work is if you look at the clock and think, "Wow, is it really that late?" And what largely determines that feeling is if the employee knows that his or her performance will win appreciation.

Another must is to feel pride and satisfaction in the work one has produced.

– Someone who cleans parks probably does not get much appreciation from park-goers for what he does. On the other hand, that person can feel very proud that the park is kept clean, Barr explains.

He suggests that as an employee, one should make a list of what one likes and does not like to do at work. When it comes to the less liked activities, a useful approach is to investigate what positive effects for the workplace as a whole result from them. That is one way to increase inner motivation.

Another condition for inner motivation is to feel that one's duties are challenging.

– That's why it's important to take part in the shaping of one's own career, that the leadership is interested and actively engaged in one's professional development. Then it becomes significantly more important to do a good job.

Barr goes on to explain how the Goal-Setting Theory (see box) so popular with other industrial and organizational psychologists must be taken with a grain of salt.

– The goals set up must not be too difficult, only difficult. And the individual must be given tools – that is to say, training – in order to achieve them. Otherwise, the risk is that the important goals will be abandoned for easier ones.

According to Barr, many companies make the mistake of setting excessively high goals for their employees, without offering them knowledge on how to get there.

It is therefore equally important for employees to know if they are working in the right direction. And to set partial goals. To get from A to C may look impossible. But if you first stop at B, destination C seems realizable.

– And if I could give every supervisor one recommendation, it would be to get to know your employees. Only then is it possible to set up realistic goals, says Barr.

GLORIA RODRIGUEZ:

"Adjusting to change is a challenge"

Motivating co-workers is the driving force behind Ericsson manager Gloria Rodriguez' own motivation.

Gloria Rodriguez, Economics Vice President and Country Controller for Ericsson Colombia, gets her inner motivation by way of an unusual combination.

For Gloria, communication and a humble attitude is a winning combination when it comes to motivation.

– I find it very important to interact with the people working here at our office. It gives me personally a lot of motivation to see that I can motivate my co-workers, says Rodriguez over the phone from Ericsson's Bogotá office, where 125 people are employed.

– The most important thing is that the staff knows I stand behind them. They must have a lot of freedom to run their own projects.

This is why Gloria Rodriguez feels it is

important to create an environment that allows mistakes. As she sees it, they can always be corrected afterwards.

– Another important thing is to find challenges. I, for example, like changes. Times are tough today, so for me it is a challenge to adjust my mind to the changes, says Gloria.

To Gloria Rodriguez, it is stimulating to picture Ericsson's future. The excitement lies in imagining how the work is going to become more focused.

– I strive to understand the telecom market of the future.

Gloria Rodriguez also wonders a great deal about how the employees can be put to optimal use. It could happen that a technician might actually be better as a salesman.

– The most important thing is to know the strengths of each employee. Only then can they work to the best advantage of Ericsson, says Rodriguez.

The Goal-Setting Theory

The Goal-Setting Theory developed by professors Edwin A. Locke and Gary Latham is often said to be the most thoroughly validated motivation theory in the field of management. Here's what goal-setting researchers have discovered:

Incentives must not discourage risk-taking, such as trying for nearly impossible goals.

People are most likely to set high goals and be committed to them when they have a high self-efficacy (task-specific self-confidence).

Goals are most likely to be attained when people are strongly committed

to the goals and are given feedback showing their progress in relation to the goals.

Goals regulate action directly by affecting what people pay attention to, how hard they work, and how long they work.

Goals affect action indirectly by motivating people to discover and

utilise task strategies that will facilitate goal achievement.

People accomplish more when they are trying for so called performance goals that are both difficult (challenging, even impossible maybe) and specific (clear) than when they are trying for any other type of goal (for example goals such as "do your best" or "work hard").



Psst...
Here are new ways
of motivating your staff

To make sure everyone in the workplace is motivated is a great challenge for any manager, especially during times of change. We asked researcher Christina Björklund to share her views on outer motivation.

The goal for every workplace must be to ensure driven and motivated employees. Unfortunately this is not always the case.

– To create the outer conditions that are required, each employee must first understand his or her role in the company. This is especially true in times of change, says Christina Björklund, researcher in work and health at Karolinska Institutet in Stockholm.

Anyone in a position of leadership must get to know his or her staff, Björklund emphasizes. This is the only way to know if a task or responsibility really is fruitful and gives every employee more responsibility.

– Outer motivation results from being rewarded with more responsibility, greater freedom and challenges, she says.

Christina Björklund recently completed a doctoral thesis entitled *Work Motivation – Studies of its Determinants and Outcomes* at the Stockholm School of Economics.

She points out that it is difficult to distinguish between inner and outer motivation. The goal set up can be an outer one, but when it is executed by a person it also becomes an inner goal.

– It is the responsibility of any manager to make him- or herself aware of each employee's needs and knowledge, says Björklund.

– The important thing is to create routines that enable the necessary communication between a manager and the other employees.

The most important thing is to create an environment where people feel secure in their work and dare to make mistakes. Employees must be allowed to ask questions without feeling silly. Otherwise, no learning takes place.

How should company leadership act when a workplace is undergoing major changes?

– Changes should take place in small increments, not in the form of any sudden or substantial change. Why? Because the staff must get the time to get used to new circumstances. And any employee must

be able to feel that he or she has a place in the new organization, says Christina Björklund.

– If the changes must be implemented so quickly that incremental changes are not possible, it is important not to withhold information. When something is going on that I as an employee sense but know nothing about, things become very uncomfortable. That is why confidence in company leadership and managers is essential.

But if management is not able to publicize all the information?

– Then it is important that the information that is released really comes from the source. Employees should not have to get fresh information about the future of their company from television.

To create the basis for motivation during times of intense change:

– Create opportunities to discuss the current situation. To "grumble" about the situation may well be the first step towards a new start.

– Participation and a sense of being able to influence the situation are important factors in creating involvement and new energy.

– Turbulent times make it more difficult to set clear and long-term goals. This makes it even more important to clarify short-term goals, and to acknowledge success when we reach these goals.

– People in leading positions need to manage the balance between creating a structure that gives direction and a sense of security, while also allowing involvement, ideas and empowerment.

When human beings are part of change, we follow a similar pattern of reactions. But every person is unique. Our reactions are felt and shown in various ways, and each person will need a different amount of time to go through the phases that lead to motivation and engagement.

More information about Change Management support are available at: university.ericsson.se/services/consulting/

PETER NORDLUND: One workplace, one vision

A sound balance between individual ambition and the shared goals of the group. That's part of the package for Peter Nordlund and his staff.

The most important thing for Peter Nordlund – who is the head of Radio Resource Management for the WCDMA mobile system at Kista, Sweden – is to create the outer circumstances that will stimulate and focus the creativity of his 14 employees.

Participation is also essential if the

employees are to feel outer motivation and perform at a high level for an extended period of time.

Naturally, it is not always possible for everyone to work on what he or she finds most interesting at that particular moment. It is important that the common goals really are embraced by everyone, so that the individual can be motivated by working towards the best interest of the group as a whole.

– One challenge as a boss in main-

taining long-term outer motivation is to make sure employees experience a sound balance between what they would most of all like to be doing, and the common goals, says Nordlund.

In order to handle the follow-up of goals and distribution of common information, he meets weekly with his staff.

– I also have individual conversations with every employee every once in a while. It is a natural way to take the pulse of the office mood, says Nordlund.

Brave new world

The telecom business is in a slump. There is no two ways about it. It is not a decline without reason though. And not without solutions. Future success depends on the companies ability to understand the market and create new business. So, it's a hard fought battle but one that can be won.



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It's a brave and beautiful new world for the telecom business: No one knows how to make money on 3G, the average person has not learned GPRS – and the stock market praises companies that scrap their 3G projects.

Telecom companies face an enormous challenge, one in which they must convince players down the entire value chain – from the operator to the end user. Telecoms are forced to take on entirely new roles and adapt to entirely new ways of working in order to fill the knowledge gap within third generation telephony.

In this new era, Ericsson must be able to do everything from running the operators' nets to teaching them how to make money.

Jonas Wilhelmsson, operating manager of mobile services company Drutt in Stockholm, has devoted a lot of thought to the new telecommunications world that few have seen anything of so far. He soberly

concludes that 3G nets can be 'as complicated as they like', but what people in the business really have to think about is how those nets are going to generate income.

– 3G in itself will not be fundamentally different from what telecommunication is today, the only difference is that certain demands will be much higher. Many more people must be able to make money on 3G. We have to convince a broad mass market.

Wilhelmsson cites the example of SMS. The market for text messages did not wake up for several years after the technology was available. Now at full speed, it generates billions for the operators. But many factors suggest that 3G will instead have a structure similar to the Japanese I-mode, with a long chain of independent service operators sharing the revenues.

This requires an entirely different level of income volume.

– If you look at the only well-known case, I-mode, very few of the

content suppliers make large amounts of money, Wilhelmsson says.

He doesn't believe in any single killer application within 3G. The difference from GSM, he points out, is that 3G business deals are much more difficult – the data traffic must pay for itself due to the high costs of the nets.

To find out what kind of services people want, how much they will pay for them and how to deal with the payments, is crucial to the future success of 3G.

Ingela Johansson at telecom training company Widermind in Stockholm, with a large number of customers outside Sweden, points out that few people so far have learned to create business models that generate sufficiently stable income bases. She also believes that the winning business case everyone is looking for can be found in GPRS technology.

Ericsson already possesses a large knowledge bank on services, in its global testing and development division: Mobility World. The strategy is to learn together with people who already have the skills and knowledge – the service developers.

– It's a matter of being able to give support to customers within services and software, says Christoffer Andersson, product manager at Mobility World.

He mentions Turkey as an example of how the knowledge in Mobility World is used in practice. A Turkish operator was going to build a services portal, but decided from the start not to attempt to do it himself since his company's core skill was running the net.

– Together with Mobility World they launched a huge project where they considered all the various service providers included. The entire value chain participated in the process.

Osborne Hogevik, who works with product planning at Ericsson, develops the method further:

– The basic strategy is that we develop 'enablers' who make various services possible. We help with the overall picture, to make sure it

works not only in the lab but also in the nets. It's a shared responsibility between us and the operators.

The new roles require entirely new knowledge, according to Christoffer Andersson.

– The demands on the standard of training are increasing. If you look at MMS for example, what are we going to do with that? It's also about knowledge on running and configuring the whole thing. One example is a client in Hong Kong whom we helped with a system for automatic configuration of telephones. As soon as a consumer walks into the telephone store, the settings are loaded in via Bluetooth, Andersson says.

But it is no longer enough to offer operators only nets, services and telephones. Operators now would rather be relieved of the responsibility of running the nets as well. In Holland, Telfort negotiated a support contract with Ericsson in which the operator declined to run Telfort's GSM, UMTS and GPRS nets. Suddenly Ericsson was transformed into a kind of virtual operator.

– The trend is for operators to outsource the running of the nets. Once again we come back to overall operations, as in the case of offering and installing services. Everything is about trust – if we show that we are good at services, we get more work, says Christoffer Andersson.

Erik Bergin

In other words: Ericsson, as well as its competitors and partners, must live up to higher and higher competency demands. Besides knowledge of how the complex nets are constructed – how many masts per city are needed and other issues belonging to Ericsson's core area – we also need another type of competence. One which is harder to define and which few people, so far, have even glimpsed: examples of how to make money on 3G.

More information about Mobility World are available at: mobilityworld.ericsson.se

Give me my killer application

A lack of services means a lack of demand. Until now the service dreams surrounding 3G have been about streaming video and high quality sound, applications that the consumer market has shown only vague interest

in. At the moment the hottest 3G service seems to be voice, which on its own is neither attractive enough nor profitable enough to get the 3G revolution started.

One of the best comments was that of

France Telecom's board chairman Michel Bon to Business Week: "All of us are speaking enthusiastically about [3G], but we are not able, really, to describe what the usage will be."

The price you pay

A few short years ago, license hysteria and free-for-all reigned on the 3G market. On 27 April, 2000, the British 3G licenses were auctioned off to the highest bidder, with the five buyers committing to pay 35 billion dollars. Similar scenarios occurred in other countries.

The result? That telecom companies in Europe alone have paid somewhere in the vicinity of 110 billion dollars to even begin to invest in 3G nets. These enormous license

fees were supposed to rapidly pay for themselves with the new income – income that now seems very remote.

Today operators announce they cannot afford the network expansion, and even pull out of their commitments at enormous losses.

Still, these are short-term losses considered by the market to be preferable to long-term losses risked by expansion.

Johan Montelius at Jupiter Media Matrix, Stockholm, recently said to Wired news: "All of the European operators should have been more careful when they went into the 3G auctions. They paid outrageous amounts of money for these licenses and they didn't have clear knowledge of how to get the money back. If you start to count how to make money off the consumer market, it's very hard."

But you're not the only one...

Mobile Internet is not in the exclusive domain of 3G. We already see people in train terminals, airports and hotels working wirelessly on the Net.

WiFi, or WLAN, are not only on the ways but they are a reality in more and more places.

A net of hot spots is emerging and the WiFi nets are lightning fast, in the latest standard with support for up to 54 Mbit/s – well above the 3G standard.

There is also a pedagogical advantage in that you can easily use your regular computer or PDA. No new machinery is required.

David Farber, Professor of Telecommunications at University of Pennsylvania, said the following to Business Week in April this year: "Carriers are going to have to face the fact that, at least in congested places, there are other ways of offering high-speed connections for data transfer than 3G."

Who's the boss – and at what cost?

If the services are not delivered, consumers disappear. If consumers do not want 3G there is no reason to build nets. If nobody builds nets, the technical suppliers are left out in the cold. If the technology is not right, service providers will not create new services.

3G's vicious circle is that it is completely

justifiable for everyone to blame everyone else.

And it only worsens the situation for all involved that technical suppliers have also made financial promises to the operators. Who should take the initiative?

The most important question is, now that everyone has promised money to every-

one else, how much is it going to cost the consumer?

An analysis by Anthony Harrington published on Accountancyage.com addresses the need: "...that 'must have' something that will make every subscriber, including Joe Public and the corporates, spend an average of at least an extra 660 euros a year."

Make your own choice today

You're aware that the telecom industry is undergoing major changes. You know that Ericsson needs to maintain a thorough understanding of the market – the other players, the products, the end consumers. You

also realize that our future place on this market depends on the quality of the solutions we offer, and on our ability to sell them.

The question is: what are you going to do about all this? Are you going to sit back and think about it, while waiting for someone else to take the lead? Or are you going to take a greater responsibility for your own role

at Ericsson, and participate in facing these challenges?

– Now is the right time to take action on a personal level, says Per-Olof Nyquist, Head of Ericsson University.

– Everyone has a choice between participating actively and just being part of the audience. It is up to every employee to make that choice.

At Ericsson University, we have

put together a selection of available courses and seminars within Business understanding, Ericsson's solutions, and Sales. If you want to find out more about these courses the full description is available at: university.ericsson.se/younique

We will do everything we can to help you find what you're looking for.

The rest is up to you.

The coach approach

It seems to be everywhere these days, but what good does coaching do? And how do you go about it? We teamed up with experienced coach Laura Berman Fortgang to get to the heart of something that may change your life.

Guidance in life is something we can all use from time to time. If you need help to get self-help, willing instructors are lining up to assist you. Everything can be learned from books and courses, answers to any and all questions are there to be found.

But when the problem is knowing which question to ask in the first place, many experts will tell you that what you need is coaching. In short, coaching is a way for you to achieve a goal, change something, or get better at something with the help of what you have within yourself.

One way to achieve this is to engage a coach, but you can also get an idea of how coaching works on your own, maybe with the help of a friend or colleague, and actually help yourself to achieve your goals. In order to do so, you must know what coaching is and how it works.

– I see coaching as two things. It's advanced communication skills and it's a technology of achievement, says Laura Berman Fortgang, an experienced coach whose company LBF Intercoach has helped many people, from staff at NASA to the neighbor's son, to achieve goals.

– In terms of advanced communication skills, we focus a lot on great questions and on language that makes things more specific. Because the more specific people can be, the clearer their goals – and the easier it is to create the right objectives to meet these goals.

Focusing on the questions is the fundamental thing in coaching. Good questions will lead more quickly to what your agenda actually is, what you want to attain. There is, of course, a method for learning to ask just the right questions. In her book *Living Your Best Life*, Laura Berman Fortgang devotes much attention to these questions.

In a nutshell, it is about daring to ask "what?" instead of "why?". Instead of saying: "Why am I not satisfied with my new job responsibilities," you ask: "What can I do to enjoy my work more?" The most important thing is to always be solution-oriented and begin with the word "what".

The first question in a coaching session addresses the problem, but the answer can only be something that lies in what has already happened, in the past. The second question reaches forward and the answer must be found in the wisdom that actually is in your brain but must be actively searched for. The answer becomes a solution, which is not as obvious as it sounds.

As Laura Berman Fortgang writes: "Don't get me wrong, asking 'Why?' has been the link to many a brilliant discovery, but when it comes to making changes in our lives, it is not an effective tool in the short term."

She likens our brain to a large knowledge bank. To ask questions in

this way opens up the possibility of actually finding what we are looking for. This is why they are called "wisdom access questions".

Practicing this is easy: Every time you feel the need to ask the question "why?", also ask the question "what?" – and see what happens.

But the coaching is not over once you have clarified what you want to achieve by asking the right questions. There is also a carrying through, or an application.

– In terms of it being a technology of achievement there really is a beginning, a middle and an end to coaching somebody. It's not just that you support people and you're positive and you're there for them. There is also a technique that we use that helps people to achieve more quickly, says Berman Fortgang.

During the coaching you must make sure to constantly practice how to change things. That is something a professional coach will make sure you do by giving you tasks, a kind of homework for your next meeting with him or her. This is a method you can apply to yourself.

The idea is that when a coaching period is over, you will have changed something you were unsatisfied with. You should also have acquired new skills.

– Most of the time you have accomplished something that you set out to do. You've changed your job,

or you've gotten that promotion. You've done something significant that you may not have done without the help of coaching. You might have become more productive, more aware of your own limitations and more organized. You probably communicate better. There are a lot of changes happening besides the goal you set out to reach, says Laura Berman Fortgang.

Part of the explanation of why coaching is so relevant today is the kind of lives we lead. A rapid and changeable labor market with low loyalty, and private lives with other demands than before.

– Not everyone stays in the company for a lifetime anymore. We move too quickly so we lose our mentors. I call this the age of entrepreneurship – even if you work for a company you're more self-employed. You're looking to get the skills to move on to the next thing.

– So, we are much more independent than before and don't just trust the company to take care of us. We also lead lives that are so fast we don't have time to stop and think. This is why we've started using a professional who makes us stop every week to talk about ourselves, to get some clarity about where we want to go and how to get there, concludes Berman Fortgang.

Fredrik Strömberg

Be your own coach, five steps to get started:

1. Make a plan of action

for what you want to change in your life, anything from your work or your relationship to your behavior. Make a goal with partial goals, number them in their order of priority and begin with the last, which is often the easiest to change.

2. Book a meeting with yourself every week. Drop everything for half

an hour and work toward your goal. Have you done what you had planned to do? If you have, give yourself praise – celebrate! If not, what has prevented you? Is the goal right?

3. Get a coaching partner.

Agree with a friend or a colleague to meet or phone once a week to support each other in your goals, or in your goal only if it is only about you. Ask

questions that make the other person think and answer the questions themselves. Avoid dishing out good advice.

4. Read and get inspired.

Read books that address exactly the things you want to change in your life.

5. Ask "what?" and not "why?".

Learn to ask questions that can provide a solution, not just an answer.



The difference between...

Coaching and therapy:

"...And it's different from therapy or counseling in that we don't approach the issues emotionally. We don't talk about the past, we don't talk about why you are the way you are or why something happens. We talk about the future;

what do you want to create. We help you design a future, whether it'll be for your organization or for you. So, what do you want to create and what are we going to do about those problems that you have? We don't want to know why they're there, we want to know what you're going to do about it."

Coaching and mentorship:

"Mentoring is usually done by someone in the same industry as you. And a

coach doesn't have to have your industry experience to be effective with you. Mentoring is about showing you the ropes, as we say in the States, showing you how to do things, opening doors for you, giving you guidance and one-on-one teaching. Coaching is distinct from that because it's not information-based. It's process-based. A coach processes you in a way like no one else in your life processes you. A mentor tells you things and advises you."

Fish philosophy

People who joke and play while working. Customers who get the best service they've ever received, every time, and feel that they're a part of something bigger. Results that exceed every expectation.

Utopian? Not according to the currently much talked about and rapidly spreading Fish philosophy, said to boost morale, energize organizations and improve results.

The idea is to create an environment that thrives with energy, creativity and optimism. It was inspired by the Pike Place fish market in Seattle, USA – a market famous for its fun, energetic atmosphere. Filmmakers Stephen C. Lundin and John Christensen caught the action on tape. Then they wrote a best selling book, *Fish!*, about their observations.

Rita Bayron, Change Manager working in Human Resources, led the team that implemented the Fish way of life at Ericsson's new Business Support Center, BSC. The center is located in Plano, Texas.

– We knew we wanted to create a

new, distinct culture, based on a creative approach to customer service. At one of our meetings, someone said: Have you heard of the Fish philosophy? And the more we learned, the more excited we got, she says.

Four teams, one for each Fish principle, were launched in the fall of 2001.

– It was a tough time for the whole industry with downsizing going on all around us. Our new approach added a sense of optimism. Since then, the energy and creativity has far exceeded my wildest expectations. It is incredible, says Bayron.

She believes one thing is crucial when it comes to creating a new culture: support from the top.

– If the management isn't into it wholeheartedly, it won't work. We've been very lucky here and everyone, from the call center staff to

the Vice President, supports the Fish teams and our way of working.

Amanda Fine is a Response Center Representative at the BSC. She was introduced to the Fish principles at a seminar on how to deal with change.

– We learned new ways of dealing with things that we face at work each day. It has given us a new, central focus that drives our attitudes as well as our customer service. The morale of our team has never been so high, she says.

– Working in a call center, my colleagues and I have the opportunity to actively practice each 'step' of the Fish philosophy. The Fish experience has helped me to grow in my professional competencies, and it makes coming to work each day exciting.

Åsa Brolin



KATIA BERTELL

The Fish Philosophy is based on four principles that should be carried out and practiced every day. Teamwork is essential.

Play – having fun at work motivates the staff and makes it a pleasure being there, instead of just a chore.

Choose your attitude – you can't always choose the circumstances,

but you can choose your own attitude every day.

Make their day – making someone's day, whether it's a customer or a colleague, adds positive energy.

Be present – focus wholeheartedly on the person you're talking to you, or on the task at hand.

More information is available at: www.fishphilosophy.com

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Get an understanding of the value of a consultative mindset. The course provides you with the tools, skills and methodology needed for handling customer relations in a professional way.

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This free, Net-based course includes the business perspectives and market situation for the Ericsson Content Delivery Solution, Ericsson's solution within Multimedia on Demand.

Pilot Courses in Product Management Curriculum

Product Packaging gives knowledge about the concept itself and related tasks in the product lifecycle. *Product Innovation, Strategy & Business Intelligence* will help you improve your ability to provide profitable products.

Executive Master's Program in Project Management

Last date for Senior Project Managers to apply for the 40 points Academic Degree Program is September 30.

Supply Chain Game

Understand why better visibility in the supply chain can drastically cut your costs for warehousing and backlog.

Guru-Led Courses

Net-based courses with Philip Kotler, William Ury, Ben Shapiro are available in Region Latin America South & Brazil.

Knowledge Networking in Russia

Region EMEA let the experts spread competence to colleagues by offering free Knowledge Networking Seminars.

Read the news in full: university.ericsson.se/younique

The winner takes it all

The Client: EuroCell, an operator from the Rogaria Republic. **The Objective:** Breaking into EuroCell's business. **The Opponent:** A key competitor.



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Welcome to WarGame – a new approach to practical sales training.

It's no use denying the facts: the telecom industry faces hard times. While everyone agrees that the current situation of financial hardship – due to a considerable sway in the market and costly investments in new technology such as 3G – is bound to change at some point, no one knows when this will happen.

Until then, it is a case of hanging in there. But the current situation can also be seen as an opportunity to focus even harder on salesmanship and negotiating skills within the organization.

– It is a question of who comes through as a strong player, and who disappears, says Olof Johannesson, manager of Tactical Business Intelligence, a group within Ericsson's Business Unit Systems.

– These are difficult times for many of us, and for the industry as

a whole. It makes the sales process more important than ever before.

Sales teams at war

The WarGame was devised to help Ericsson maximize competitiveness against a WCDMA key competitor. Thanks to the recently launched game, business managers and account teams can increase their knowledge of the market, hone their negotiation skills and prepare for future tenders.

– It provides the participants with practical training, teambuilding and gives an increased understanding of the competition. And it's fun to play, says Olof Johannesson.

– Although it's fictional, the game is based on real deals with real customers. It's a way of helping BSYS secure new business.

Three teams of 3–6 people take part in WarGame. The scenario is a WCDMA systems sales race. One team represents Ericsson, one represents the competitor and one represents

fictional operator EuroCell from the imaginary Rogaria Republic.

The game pits the Ericsson sales team against the competitor's, which has EuroCell as a GSM customer. Breaking into EuroCell's business is the job at hand for the Ericsson team, while the competitor will work towards remaining EuroCell's number one partner.

And the winner is...

Before the game begins, the two teams have a day to prepare and reply to EuroCell's RFQ. The WarGame is then played over a full day. Initially, both teams meet with EuroCell for one hour – including a mandatory 15 minute value argumentation presentation, where uniqueness in vendor offering are addressed – after which follows ad hoc discussions, reactions and negotiations.

After a EuroCell board meeting at the end of the day, the vendor of choice is announced. The EuroCell team then explains why they chose Ericsson – or the competitor. The workshop ends with mutual feedback.

– This game helps people avoid some of the pitfalls of negotiation, dodge barriers to success and improve their chances of securing a deal, says Johannesson.

– Like in reality, it is the vendor who best understands the customer, and who addresses the customer needs in the best way, that wins. It means all participants must try to understand the customer's key-buying criteria and power base.

The teambuilding aspect is another bonus of playing. So far, WarGame has been played three times. The feedback has been very positive.

"Every operator is unique"

That WarGame should originate from Tactical BI makes good sense. Tactical BI's role is to support Ericsson's business managers and account

teams around the world. The main objective is to support account teams in winning new business – and to make sure that business is as profitable as possible.

– We support the account teams with knowledge about the competition and help them sharpen their arguments, tells Johannesson.

– We survey the sales behavior of Ericsson's competitors and compare our strengths to theirs. The earlier in the sales process this is done, the better. It allows our account teams to work more offensively.

The Tactical BI group provides the account teams with commercial and general technical analyses. Some of the analyses cover an overall description of the competitor; some are more specific and target competitors' possible behavior towards a certain customer or market. The latter analyses are often performed upon request from an account team about to make an important sales pitch.

– It is crucial to remember that every operator is unique, says Johannesson.

However, a lot is often to be learned from previous negotiations – whether successful or not. In order to gather these experiences, Tactical BI sometimes perform debriefings on won and lost tenders.

– We frequently go through what worked in a particular situation, and what didn't work. We gather this experience and present it to the account teams so that they can learn from it.

Åsa Brolin

Footnote: WarGame was developed as a joint LME and BU project by Olof Johannesson and Peter Jonsson (Tactical BI at BSYS), and Jonas Roupé (LME). You can find out more about the Tactical BI group at:

<http://lbmob.ericsson.se/ab/bi>

More information is available at: university.ericsson.se

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