



MITCHELL PHOENIX

LEADERSHIP AND MANAGEMENT TRAINING



Frank Owen has had a varied and successful career managing 'turn-arounds' in Europe. At the time of this interview he was the General Manager of LogicaCMG's telecoms business.

Frank Owen

What do you do, what are your current responsibilities?

I am LogicaCMG's General Manager in Europe for Telecoms products with sales and p&l responsibility for our telecoms products across Europe and Africa, and part of the Middle East, (Israel to be precise).

What brought you to this position?

I was head hunted. In the previous 10 years I have done a lot of change management experience in companies. Basically I have taken on companies that were loss making or had lost their way, and it has been my task to turn them around, plus inject good corporate governance. I have now 6 successful turnarounds under my belt, and one liquidation...which actually saved the VC involved a lot of money as they were planning to further invest and I recommended not to do so. It was these turn around skills that seemed in certain areas to be a skill that was welcome in Logica, Telecom Products and resulted in me being hired.

Previously I worked 14 years in Texas Instruments, the semi-conductor manufacturer, as European Technical Director with responsibility for key accounts, which was a \$600 million responsibility. It was at TI that I learned a huge amount in basic management skills and I am very grateful for this hands on experience.

What took your career down the area of change management?

At Texas Instruments the culture was one of building cheap ICs like op amps for 10 cents a go, and going massive volumes. I would also add that this was in the 70's and TI went from No1 in the industry to Number 5 ...the result was that every manager was totally immersed in Quality training and slowly we started climbing the ladder as a result. It was a painful lesson that I have never forgotten



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The decision was made by TI top management to build a “system on a chip” and Telecoms was a natural target for that. I became the first business manager for a business where we would sell each chip for \$100...rather than the 10 cent commodity products. It was a totally different type of business.

This had a very significant impact on the way we approached our business. In a commodity we sell through distribution channels, and are normally second sourced so the discussion is very much around selling on price, and to some extent differentiating via quality. The sales process is very purchasing department centric.

With a \$100 product, we found ourselves selling directly to technical people and convincing them that the product could do the job. We discuss if and how it can fit into the client’s specific system, and how it can achieve the performance goals set. We worry about how does it interface with the rest of the client’s equipment, and what dependencies are there such as power requirements, or output loads that the chip is supposed to support. After that we start talking about the quality and then finally price. You typically don’t have a second source of the product. Everyone in my business unit had to recognize that our clients were totally depending on us should we fail. It was a totally different type of sale, requiring a lot more technical support and better relationship with respect to quality. When something goes wrong you have to find out what went wrong...and do so very quickly, or risk damages from the client. I found all this very exciting and likewise growing from a very small business unit a large activity employing people all over the globe was very satisfying. We went from an investment phase, to making large profits over a period of about 4 years, and this too was a thrilling period of my life.

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Then after TI, I went to Sema Group. Sema was an IT systems integration company that at the time had a telecom product division...which actually had no products! We were in the business of customizing software for clients but had no idea about how to price software as a product offering, or how to handle annual updates, warranty and even how to engage a client with a contract.

I was hired as the Managing Director of the Telecoms Division but was told that my job title would be business development manager, as they didn’t want to rock the boat.there were other people who thought they should have been general manager of the Telecom Division!!! I inherited an organization that was making £3million revenue and a £2 million loss. Before I arrived, the company had just fired 40 people I was left with 60 headcount. The team had lost 18 of the previous business opportunities we bid for, and all of this resulted in a rather large morale problem across the team.

Over the next four years we turned that, with the help of Mitchell Phoenix, into £120 million of revenue, with £27 million of profit and grew the team to 1,200 people. We also during this time increased our client base to 85 from an initial two clients.



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How did you turn that around?

I took the two individuals who as I mentioned wanted the M.D. job (one was the sales guy and the other was the operations guy), to my villa in France where we brainstormed for 5 days about how we were going to get out of the mess we found ourselves in. I took the view that they knew the business and I didn't. I saw myself as a coach, a provoker of ideas I recognized that they were the experts and knew the business, so it was a great opportunity as equals to brainstorm.

We worked through the options, gradually creating a strategic plan and defined the tactics to meet the plan and the "qualitative" objectives we set ourselves. We did NOT get bogged down into building a financial forecast, that came later as a result of our planning session. Besides the plan I managed to also achieve "buy in" from the two key players in the business unit, to a level that they said it was clear that I should be made MD immediately as they had already worked out that this is what management wanted, and they appreciated my open approach etc. This is what happened the following week, and not a year later as was the original plan of the management above me.

The first tactical step was to agree we were going to win one piece of business ...at any price as we had to stop losing bids. They chose Hutchinson HK. They made the decision because I didn't have the detailed knowledge to make any kind of informed decision, and again I believe that they respected me for empowering them to decide, a clear demonstration to them that I needed and wanted to delegate as much as possible.

I remember we mobilized the whole organization to attack that Hutchison piece of business nothing was more important. That was different to the previous way, where the team had been pushed to make 18 unfocussed, and poor quality bids and finally have them all fail. We all made the decision to win that business, and the buy in across my business was impressive. .

We won the Hutchison business and we won it with just a 1% forecasted profit. My boss went ballistic and actually was ready to fire me, because the profit was so low that to quote him if we blinked we would lose money. So I said "so fire me, I made the decision" and I believe it was the correct one. My belief was that Hutchison will require many change requests, these will all be at a high price and this will drive profits through the roof. I am banking on this, I told him. In fact that is actually what happened, and my team became heroes.

We created some trust among our people and that became infectious. After that we won the Comviq account in Sweden, then Israel, then Saudi then 4 deals in India, then several in Taiwan and after four years we had 85 clients plus a very healthy growth business.

The fortunes of Sema Telecoms went down after you left, why was there such a change?

When you are the MD of an operation, or a CEO, you tend in my experience to focus on different things at different times in the business. You start with sales, then focus and fix the consequent delivery issues. Thereafter you fix the quality problems that inevitably arise and then you go back to

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the beginning of the process. A CEO has to move around his business as required but must always be client centric in my opinion.

After four years, I was in a position where the machine ran quite well. My job after building the machine was to interface with top-level management of clients and be their best friend on a regular basis. I put a lot of effort into that. The P&L largely took care of itself.

The problem was that they may have missed the big picture, and the main part of that picture was of course the client issues that inevitably surface. This was exasperated by competitors who were always on our case. Slowly they began to fail in meeting client expectations

I would challenge managers daily. That provocative style seemed to disappear when I left.

How do you manage growth?

Don't look at cost or revenue, but look at book-to-bill (ie The ratio of new sales divided by the revenue for the quarter) . This needs to be between 1.15 and 1.2 per quarter ...or confirmation that you are growing at 15 to 20% per quarter.

If your book to bill is 0.9 your business is shrinking by 10% in the quarter and you are in the going out of business mode, so cut costs, and get ready to cut headcount. If as I have been used to you are growing and have a book to bil of say 1.2, it means you are probably in fire fight mode and it is vital that you are hiring people NOW3 months before you needed them. If you are at a book to bill at 1.3 then you have a different problem as 30% growth per quarter is very difficult to manage in a serious way.

What did you do next?

I went to the Ericsson Hewlett Packard (EHPT) joint venture. That was interesting because here you had a different style of management. It was very much consensus management.

I actually like the consensus style of management and my comments above about brainstorming I guess confirm that view. Frankly my surprise at EHPT was how long it could take to achieve consensus, or "buy in" , which within a fast moving market environment such as Telecomms. was an issue. During this period I read the book "In search of excellence" where it is identified that excellent companies "have a propensity" to fast decision making. It goes on to say that such companies very often get it wrong, and then have the ability to correct the mistakes "on the fly" as they are driven to continuously review and make decisions. In my view in the real world there is a balance between "fast decision making" and "consensus"....spending many months to achieve consensus in a business attacking a fast moving market does not make sense.

The experience at EHPT was one I really enjoyed as I really met some outstanding people, and worked within a fun place, with huge potential. The Swedish culture of absolute honesty, open approach, and integrity in all that they do was for me refreshing and perfect. Take that with some outstanding products at EHPT and I was on fire. The negative was that consensus was in my opinion taken too far and ownership suffered.

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"When managing a business I ask everyone who works for me ...What have you done, or plan to do this week or this month to change our fortunes....?"



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I tried going 'concrete' (something advocated continuously in Mitchell Phoenix programmes, by the way) I said: I am going to work with you all to create job descriptions with goals and we are going to review those descriptions at the end of the month. If you don't meet the goals then you are going to be fired!

I wrote up each job description and had my Boss approve it. Then I asked each person to agree their job description and the deliverables expected etc.Every single person agreed it.

When I then asked, very pointedly looking in their eyes.....are you sure, you agree?

If you miss this you will be fired, then frankly I was shocked that every single person changed their job description and goals. That showed a level of change in ownership. The culture on day one was one of NO ownership ...this changed overnight once we nailed what they would and would not agree to in terms of measurement.

At the end of the first month, I held a review and frankly I was out to nail anyone who didn't deliver. Many who came badly prepared, and not on top of their business were sent out of the room and very bluntly to come back the next day with a better response that reflected that they could answer questions about their business. I guess with hindsight this was powerful stuff as they were being given management authority and being held responsible. I have found most people respond to that approach.

A month later, we had another review and again I was out for the kill. This time, it was much better; the following month we turned the profit corner and the next month we starting rewarding people. Finally my Boss became the boss of several divisions and then the boss of the whole thing.

Once we turned the profit corner we celebrated by going with the management team to a top restaurant ...very expensive in Sweden. This was agreed at the outset that we would do this. I would add that subsequently we turned the business from the ugly duckling to a real Swan that generated very significant profits, and was in huge growth mode ...we then moved from great dinners to holding our monthly reviews in truly great hotels off site, and made the point that this is what happens when the team achieves success, generates profit which they did month after month.

It was all about ownership in the organization.

What is ownership in the organization?

Before we did this ownership thing at EHPT, the board would do their headcount and then they would take the budget of say 50 million and divide into 10 million each, across 5 business entities.

I said to the team "can you do 10 million" and they would say, "no I can only do 6",!! My reply was OK no issue "who are you going to fire because we can't do that" let's start getting a list of names that you want to fire, because you cannot make the number we need in order to just break even, let alone

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grow the business, or attract investment.

They would after this approach invariably come with say 8 Million, but at least this is a commitment from their side. This meant that we would end up with say a 2 million problem and then I saw this as my job with the team to work through how to solve it. We had moved from an imposed forecast that no one feels involvement with, to one that is owned by the team.

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Then I heavily relied on my TI training - **What? Who? When?W3**

The concept of W3 has helped me, and my managers over the years as a tool probably more than any other. I focus what is needed to succeed in this quarter: What are you going to do? Who is going to do it? By when?

Every P&L manager needs to believe in the financial numbers they are responsible for . I guess if your business is selling school dinners as a sole source supplier the forecasting is fairly easy, likewise if your business has a major support contract element as we have at Logica this is well understood.

It gets more difficult forecasting new sales in a very competitive market environment. I see the W3 as a very important tool to actually focus what is going on to achieve the financial numbers. That said there is much more besides.

Today in the high tech sector it is not just one salesman on his or her own carrying the day. The reality is that many people across the organization are involved in realizing the sale. Maybe someone from R&D, someone from senior management to show senior management commitment, someone from market research...and so on It is a multi-people responsibility to win a piece of business these days. I ask how can this be achieved without a W3 approach?

So far you have presented a management approach based on "focus", "ownership" and "trust". How well do those words summarise your approach to management?

Very much so.

Focus is important. A lot of people will tell you what you are going to do, but not what they will prioritize out. At Ericsson HP one guy got up and spoke about all the accounts, 50 thousand here, 100 thousand there and hidden in the middle was a 10 million account.

I stopped him and said, "I could not care less about the 50 thousand , 100 thousand deals that you list ...frankly if we win it then we may get our sales cost back, and a beer at the bar . Just defocus all of that activity, give up forget it!!

"What about the 10 million?" That is the deal I want! Tell me about this one!"

He said, "we won't get that."

"Why not?"

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"I really do not know was the answer...I have no real feel for this one!"

I stopped the meeting there and then and I can tell you no effort was spared for the next hours and two weeksWe did focus on it and we won it. That is an example of focus. It is an example of how to de-prioritise what you won't do. It's an example of what? Who? When?

When people become winners, they become extra-motivated.

I remember an example in Taiwan. We arrived at a hotel, the Intercontinental at Taipei. The competition had already been there for two weeks.

As soon as my guys walked into that hotel lobby , the competition saw us and said, "we have lost it, Sema are here". That was the aura around my team, and I must admit I enjoyed the feeling as did the whole team .

This is of course powerful stuff and that is what you can create in an organization to great effect.

How would you create a successor

You cannot create a successor in a week or a year in my view. I have built up experience over the years and hopefully have learned from both successes and many mistakes...all this takes time. You have got to do it over a period of time and recognize that you have to learn the "create", "make", "market" functions, the corporate and P&L functions. To build a manager is not something that happens overnight. A lot of people, and I would include to some extent "historically" my kids and their friends in that, are going too often for the money in the short-term. A career is a long- term thing with few short cuts.

In Texas Instruments, I had the best boss I worked for. He would put up a foil of how he managed his managers. I always cherished that foil and have used it many times . He monitored the following criteria:

"Do what you say you will do" - If you say you will get a report by the middle of next week, then deliver the report by the middle of next week.

"Meet your quantitative commitment" – In the P&L, the sales forecasts and every other commitment you make.

"Attract and retain the best people". - Attracting is easy, retaining is difficult. This is not just about remuneration either

."Demand the highest standards of morality and ethics". - You may be surprised what I have been asked to do by senior mangers over the years. I have refused, and I am pleased that I did so, as I have no skeletons in the cupboard.

"Demand a high quality culture in all that you do".

"Behave and think strategically" - Part of that is that you don't effectively screw another division to get the short-term gain for yourself.

Have a "propensity to make decisions fast even if they are wrong". To sit there with mental stagnation is not good news, nor is there time to spend weeks to achieve consensus. Make the

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decision and even if it is wrong if you are able to move quickly you can correct it later.

How have you used Mitchell Phoenix at the companies that you have been engaged to turn around?

I would summarize it like this. With what I'm doing now, with quite a lot of experience in turning around companies, I have my own ideas of what I need to be doing with respect to my present business today. I have to focus on that. I have also focused my people and I test my people daily on the specific client issues we have in front of us.

I cannot at the same time be an objective outsider and give my people the space to think and allow them to grow. That's what happens on a Mitchell Phoenix day.

Mitchell Phoenix is an outfit that I know will probe my people on management issues and at the same time if it is appropriate relate this to my business. I cannot do that, I am too involved in the execution process.

There are many training programs, what is special is that it is one day a month, with homework in between. If taken seriously, this can represent a pretty tough workload in parallel to the daily job.

Mitchell Phoenix for me is special because I don't lose my people for six days at a time - which is too much when you are in a difficult environment. They are out of the workplace only one day each month.

Here you have a serious training course. My people usually are actually using the material for the day-to-day benefit of what I want to achieve in my business. It's not in six months, in two months, or one month, it's now and in my experience I see progressive benefit from the team during the six months. I haven't seen that in other courses I have been enrolled in during my career.

Mitchell Phoenix is the best course so far I have been involved in for general management training and change management in particular..

I also think that the CEO sponsor needs to keep a close eye on each month's training progress and be seen to do so. Otherwise it becomes just another jolly, and not something deemed important.

Kevin, to his credit is pretty sensitive about giving specific information about specific individuals. On the other hand he will give general "unattributed" feedback about how my managers are reacting to my style, and the business environment and things that I should correct. In one previous time, he said we should cancel the course, as the guys aren't up to it intellectually and I think he was right. .

Another thing I think is pretty good with Mitchell Phoenix is that after you have completed the programme they will shadow you (at extra cost !) in the office. I found a huge amount of merit in shadowing with Kevin. He sits in your office and takes notes of your approach as a manager and gives you feedback. The feedback I got from Kevin was very useful. It was very valuable to get

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some external observation on the way I conduct my business. I encourage people to do the shadowing after the course.