

Entrepreneurial and Intrapreneurial Leadership in a Global Context

Consultancy Project

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Executive Summary

British Telecom (BT) needs to implement a successful change management program for transforming their current business processes and operating models to a more agile and leaner one. For this purpose, it is crucial to analyze and gather requirements related to BT's present leadership principles and capabilities within its currently operating environment. As a consultant working to support and realize British Telecom's objectives, this proposal suggests the primary or fundamental aspects of successfully applying the transformation practices. To be more precise, the report proposes ways that BT can simplify and optimize their management structure as well as have more accountable and bigger leadership roles so that a more responsive and innovative organization can be achieved. To dive into more detail, the proposal looks into the aspects of cost reduction, leadership management, diversification and handling of global competition in an effective and seamless manner.

1. Introduction

Serving hugely diverse communication needs from telephone to broadband, cloud, fiber security and so on, British Telecom (BT) has more than a million customers around the world. To be more precise, BT caters to consumers in more than 180 countries, making the company one of the leading communications service providers in the world. The organization has 4 primary business lines such as Enterprise, Consumer, Openreach and Global Services. In 2020, BT's quarterly revenue was approximately 5.3 billion British pounds. The company holds the highest market share when it comes to providing fixed broadband services. British Telecom's largest competitor (in terms of fixed broadband subscribers) in the UK is Virgin Media. The company was founded in 1984 with its headquarter in Newgate Street, London. Even though BT has faced tremendous competition along the way, still it has managed to maintain its position as one of the most dominant service providers of long distance and local telephone services in the United Kingdom. BT has over 137,500 employees working at various locations around the globe.

2. Project Details

2.1 Problem Definition

British Telecom is facing increasing challenges and needs to have a more robust and effective operating model to be able to respond to the increasingly uncertain external environment in a successful manner. The current management and leadership structure is not adequately agile and operates based upon a hierarchical model. The present operating structure is rather complex with a great number of individual leadership roles and responsibilities. Furthermore, BT needs an organizational structure that will accelerate and ensure a more sustainable as well as profitable revenue growth and value creation.

2.2 Project Purpose

The purpose of the project is to demonstrate a thorough and in-depth analysis and insight to the important details of the project, which will encompass a high level summary of the techniques and mechanisms to be adopted by the organization (BT) in order to actualize its change management and organizational transformation goals.

2.3 Project Goals

The change management plan will not only aid the organization (BT) to become more agile, more flexible and more responsive, but it will also help them in sustaining their revenue growth and value creation. Methods and practices will be proposed hereby, that will be helpful for driving a long term cash flow growth, pay progressive dividends, support the pension fund as well as reduce net debt. An overall plan of the project will be proposed, along with a basic cost estimate of the project.

2.4 Project Scope

The basic scope of the present project includes the following items:

Gathering of relevant information on British Telecom's current organizational and management structural, operating models, leadership processes and business strategy
Analyzing, studying, examining and auditing the gathered data about British Telecom in order to uncover areas and aspects of improvement and/ or transformation
Proposing useful recommendations and suggestions based on the findings and analysis so that the organization is able to meet its set goals

2.4.1 BT's Strategic and Leadership Principles

Strategic principles

British Telecom has made few poor strategic decisions along its progress. For instance, the company's former Chief Executive Officer Mr. Patterson had undertaken a venture to make investments to acquire EE and TV. Even though it seemed like a reasonable move by the CEO, however, it resulted in the company's share price to fall around 60 % in the next 3 years in areas such as mobile infrastructure as well as broadband services.

However, this downfall proved to be a motivation for BT to implement a significant transformation program. The transformation program brought a brand new business strategy that was solely focused on the company's customers, communities and employees. The change was reflected in the following aspects:

Agile business process: British Telecom improved its management structure by simplifying and removing a lot of its leadership roles. In addition to that, the company also rationalized their

office estate to minimum 30 strategic sites, which resulted in the company saving around 1.6 billion British pounds in following 2 years.

Customer experience perspective: With the sole purpose of bettering their customer experience, the company made a great decision of recruiting additional staff members as trainees. This step in turn played a potential part in their full fiber rollout initiative. Complaints from customers significantly reduced and several projects were completed way ahead of their schedules. They also strengthened their loyalty and value programs.

Apart from these two major factors, BT's strategic decisions also involved launching programs to help people build and perfect their digital skills, investing in energy efficient electricity usage, 5G launch to maximize user experience and other intelligent initiatives to cut costs.

Leadership principles

British Telecom's leadership board includes a CEO, a non-executive chairman and several directors (both executive and non-executive). The leadership structure followed by the organization can be typically termed as "polycentric". It is due to the fact the company has a board of British nationals at their primary branch or headquarters while the other subsidiaries are handled by different people belonging from different nationalities spread across the host countries. The main board residing at the London quarters is responsible for making decisions regarding the development of organizational values, goals and objectives. Apart from that, the board also establishes the rules and regulations necessary to apply risk management techniques as well as maintain internal control and organizational governance.

2.4.2 BT's Risk Management Strategy

There is a global risk framework typically formulated by British Telecom's board of directors and the primary purpose of the framework is to identify potential threats that the might face in terms of its corporate units and customer facing units. The risk management framework involves a fully-fledged and dynamic risk log or risk register that assigns owner(s) for each individual risk identified. Each risk identified has to go through a rigorous review process in order to ensure that the company takes the right measures to take the risk appetite and is able to reach its business objectives. The most common categories of risks that are identified by BT with respect to their business strategy and model are mentioned as follows:

Cyber-security risks from China and Russia: China's telecommunications giant Huawei poses a great threat to UK, especially British Telecom's cyber security. They have a major contract that is dedicated to update the fiber optic broadband network. Therefore, it is most likely that Huawei products are vastly used by British people as well. There is a high chance of finding a spyware or malware in Huawei's UK operations. Apart from that, Russia is also a potential threat to UK and BT's cyber security.

Competitive risk: There is ever increasing competition in the market with numerous giant telecommunications companies emerging in the global market. Some of the toughest competitors of British Telecom are Virgin Media, BCE, Swisscom, TalkTalk, Royal KPN, Telstra, Deutsche Telekom and PCCW. These companies are potential threats to BT in terms of sales, market share and the degree of penetration into the global markets.

Political risk: The privatization of BT involved significant political risks with respect to capitalization and profitability. The case of BT seems to rest on a strong party program and the initiation of the journey of this organization occurred in the face of potential interest group opposition. Thereafter, conservative government introduced liberalization and privatization. The overall ideology and finance brought about potential legislative transformation, which in turn led to a significant change in the decision making process.

Industry regulation risk: Industry regulations risk is another major risk that British Telecom has been dealing with for a long period of time. There are several industry regulation risks which include the macro and micro economic factors, changes in the government policies, strikes, pricing pressure, market risks and other effects and impacts of the economy.

Financial risk: BT has had multiple financial risks in spite of which the organization has managed to hold the tag of the most dominant telecommunications service provider in the UK and internationally. BT's financial risks include the mishandling of monetary policies, debt issues, loss of revenue, defaulting on loans, delay in the delivery of goods and many more.

Other types of risks: Other risks that can be found in the risk log of British telecommunications include risks related to COVID-19 pandemic, change management risks, service interruption risks, loss of resources due to disease breakouts or natural disasters (external risks), credit risks, etc.

2.4.3 Recommendations

This section will include the proposed plan or activities that will be helpful for British Telecom to address and overcome the above mentioned challenges (risk management challenges, leadership challenges and strategic management challenges) and achieve the project goals as stated above.

More inclusive, agile, non-hierarchical and transformational leadership:

A corporation like the British Telecommunications can handle a difficult macroeconomic circumstance like the COVID-19 pandemic by having the appropriate people and the right culture. It is impossible to overestimate the value of culture, people, and more importantly leadership. This is echoed by British Telecom, who considers their employees, or "Colleagues," as they refer to them in their 2019/2020 Annual Report, to be one of their stakeholders groups, and has even developed their strategy keeping them in the center of their focus. Having a strongly flexible, agile and non-hierarchical leadership structure will allow the company to mitigate their managerial and operational risks. They can actualize that by introducing flexible working policies (e.g. work from home policy, etc.)

Of course, leadership and senior management are critical to achieving business and organizational success. BT needs to pay more attention to recruiting and training transformational leaders. In addition to BT's strong recruitment process for leadership and senior management positions, the company also needs to have strong leaders who are transformational and who will work closely with the team of colleagues, motivates them to achieve outstanding results by involving them equally and systematically. The transformational leadership style will encourage reorganization and commitment to establish strong values and these values will progressively progress.

The transformation leadership will automatically seek adaptive solutions to attract the hearts of the team members under any changing circumstances. The common goals and objectives of BT will be handled properly and it will be more proactive in its approach. Everyone in the organization has strong corporate values that can help shape the culture and drive alignment towards common goals to ensure success. The transformational leaders should ask more and more behavioral questions to the employees. Real life scenarios should be used as examples. The

candidates should be asked to share the challenges and limitations that they face and how they resolve the problem situation. Apart from that, the leader should also widen the search criteria for suitable candidates or employees to work with the organization's team.

The Hofstede model also provides help on how British Telecom operates on a global scale. Hofstede's dimensions of national culture are: power distance, avoidance of uncertainty, individualism and collectivism, masculinity and femininity. Collective interests are absolutely desirable in any society and under any working condition; teamwork in business or team goals is better than achieving personal goals. The cultural dimension of the individual and collectivism summarizes that individual interests are loosely connected, while collective interests are closely related. Hofstede's model has been applied to practices in many areas of human and social life; from interpersonal relationships to the state, in the public and business sphere.

Competition management on a global perspective:

BT has already made some big acquisitions in the past as mentioned earlier such TV & Entertainment Space to compete with a large player such as Sky Sports, the acquisition of EE simply eliminates the competitor and eliminates competitive advantage, and BT Mobile is currently using the US network. A proven strategy to deal with competition and break into new markets is mergers & acquisitions with the amount of capabilities and resources available to BT.

Mergers and Global Acquisitions is a potential business strategy which can benefit BT to penetrate into new international markets. However, there are certain potential challenges and risks associated with it. More specifically, with respect to the cultural differences that will be present between the various countries. In this aspect, the key to overcoming such challenges in a successful manner is to align the organizational culture of all the host countries in a proper way (Ghemawat and Reiche 2011). This approach can be referred to as an adaptive approach.

Acquisition of Tech Startups: Modern technologies such as machine learning and data science and artificial intelligence, big data analytics, IoT or Internet of Things, Block chain etc. are beginning to play a huge part in the future of the majority of world's leading industries and sectors. The telecommunications sector will be no exception of that. What British Telecom can do is acquire such tech startups in order to focus on such modern and innovative technologies. This can prove to incur a lot of benefits for the future as well as reduce costs. However, to be

able to undertake this step there is a less costly approach. BT can set up a Start Up Funding program. In this program the company will become a partner to these Start-Ups. In this way, the organization can be able to gain the benefit of any breakthroughs ahead of potential competitors.

So it becomes very important that the leadership of the acquired company aligns with them and forms a solid alliance with them; this is because, as Kotter (1996) demonstrated, when changes occur, no one in the organization can lead and form a strong alliance. Alliance with them Manage ongoing changes. In his opinion, it is necessary to establish an effective alliance. When a change is initially announced, most team members generally resist the change, so the need for change must be communicated boldly and dramatically according to Kotter (1996) in order to give the change promoter the credibility to initiate the change plan.

Reduction of costs

As part of the ongoing transformation plan, BT has reduced costs by 1.6 billion pounds in two years through stringent measures such as cutting 9,000 jobs and reducing office space. In order to remain competitive, companies like BT must find innovative ways to operate at the lowest cost without compromising quality and customer satisfaction. Some suggestions to further help reduce costs may be:

As Covid19 leads to the success of remote work (working from home), consider further reduction of office space to help reduce overall office space maintenance costs. Continue to work towards the goal of eliminating 13,000 jobs, of which 9,000 jobs have been achieved. BT has a total of 25 senior executives (executive and non-executive directors), including the president and chief executive officer. One suggestion is that it is possible to reduce the number of board members by integrating roles. Some of the roles of these directors may overlap.

Diversification and investing in the right technology

According to Anthony et al. (2019), the company is now looking for new areas of sustainable growth, so it is realigning its business goals to meet good business goals, such as becoming a "green" company. Finding new ways to innovate and invest in the right technology can definitely help companies like BT increase their competitive advantage and ultimately create more value for their shareholders. A good recent example is that Baker Hughes changed its name

to an energy technology company instead of a traditional oil and gas company, and announced that it will reduce carbon dioxide emissions to net zero by 2050 (BakerHughes, 2019). This is also a potential strategy that BT can use. British Telecom has invested in technology to help create the best network and excellent customer service. Anthony et al. (2019) also pointed out that several multinational companies have managed to improve net growth and overall financial conditions by diversifying into other areas (not necessarily within their main traditional product range). One suggestion is to provide R&D investment to launch new products and services with the help of the aforementioned large-scale start-up companies.

3. Cost Estimate

The basic overview of the project costing has been represented below in tabular format. The project cost estimate is at its most initial stage and therefore, changes, modifications and amendments might be needed in terms of the duration, resource allocation and budget allocation for each of the activities associated with the project. In addition to that, it must also be noted that if any changes or amends are made in the project scope, then it may also result in potential changes or variations in the cost estimate stated below.

Activities	Number of Resources Required	Cost/ Day/ Resource (£)	Number of Days	Total Cost (£)
Project Kick Off Meeting	2	500	2	£ 1,500.00
Gathering of company data	3	600	35	£ 27,000.00
Analysis of data/ Gathering of requirements	2	400	37	£ 32,000.00
Recommendations				
Business Intelligence Center of Excellence		600	80	£ 126,000.00
Reduction of costs	2	400	50	£ 82,000.00
People, Culture & Leadership	2	500	60	£ 76,000.00
Managing Competition locally & globally	3	600	40	£ 59,000.00
Innovation &	2	400	110	£ 19,000.00

Diversification				
Change Strategy Implementation	1	300	650	£ 24,000.00
Performance Monitoring	3	400	350	£ 120,000.00
Internal Control	4	600	340	£ 310,000.00
Project lessons learnt	3	700	10	£ 11,000.00
Close Out	2	500	5	£ 4,000.00
Total				£ 1,130,200.00

4. Project Plan

The proposed plan of the project as demonstrated below with the help of a project management tool (MS project Gantt chart). It must be noted that the plan has been solely developed based on the stated scope of the project, particularly the scale of the project. If the project scale is extended or reduced, then it will directly affect the proposed time schedule of the individual activities associated with the execution of the overall project. The days hereby quoted are solely based on estimations and is open to any modifications or changes needed in the future. In addition to that, if needed, the schedule can also be readjusted with additional resources. If that happens, then the total time taken to reach the completion of the entire project will be reduced. However, this particular step might incur certain additional costs.

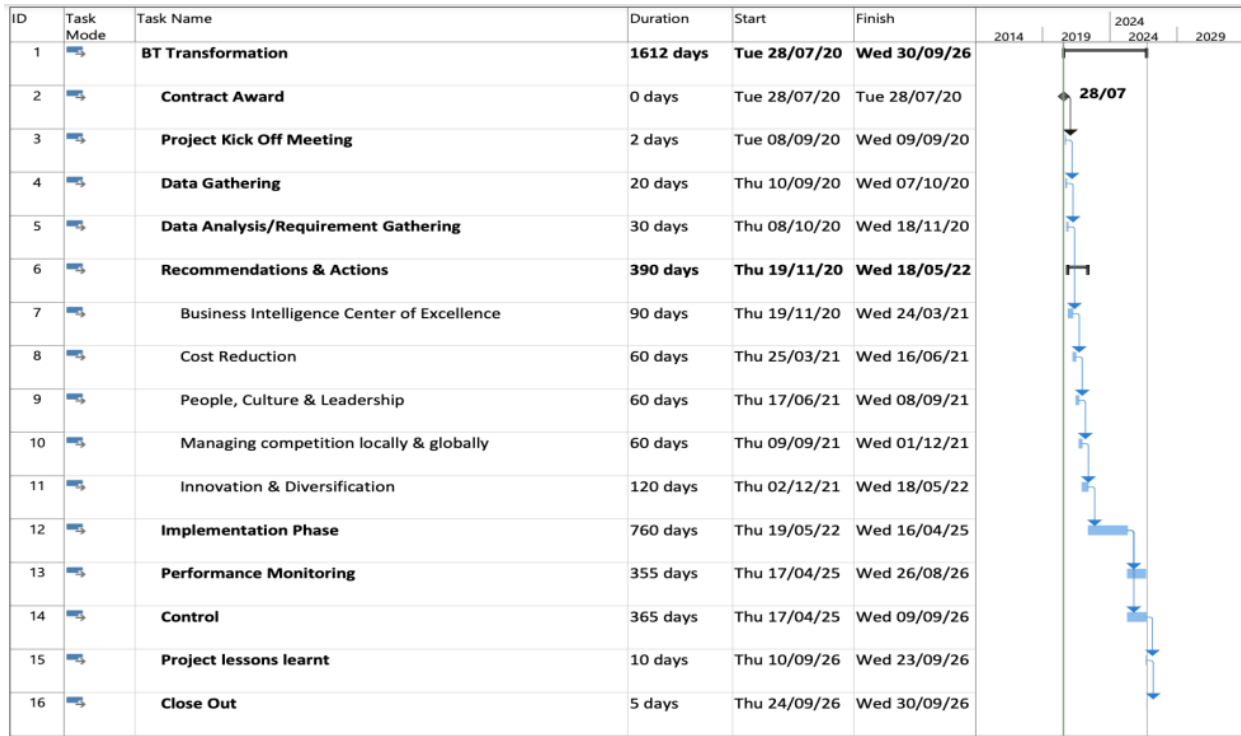


Figure 1: Gantt chart schedule for the proposed project

(Source: Created by the learner)

5. Conclusion

British Telecom has made few poor strategic decisions along its progress. The current management and leadership structure is not adequately agile and operates based upon a hierarchical model. The present operating structure is rather complex with a great number of individual leadership roles and responsibilities. British Telecom (BT) needs to implement a successful change management program for transforming their current business processes and operating models to a more agile and leaner one. Methods and practices proposed hereby will be helpful for driving a long term cash flow growth, pay progressive dividends, support the pension fund as well as reduce net debt. The change management plan will not only aid the organization (BT) to become more agile, more flexible and more responsive, but it will also help them in sustaining their revenue growth and value creation. To dive into more detail, the proposal looks into the aspects of cost reduction, leadership management, diversification and handling of global competition in an effective and seamless manner.

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