

Truly Global

An Interview with Ian Livingston, Chief Executive, BT Group



Ian Livingston

EDITORS' NOTE Ian Livingston was appointed to his current post in June 2008. Before this, he was Chief Executive of BT Retail, a position he held from February 2005. Prior to this, he was Group Finance Director for BT Group from April 2002. Before joining BT, Livingston was Group Finance Director of the Dixons Group from 1997. He joined Dixons in 1991 and his career with the electrical retailer spanned a number of operational and financial roles, both in the U.K. and overseas. He previously worked for 3i Group and the Bank of America International, and was a director of Hilton Group plc (now Ladbrokes plc) and a director of Freeserve from its inception. Livingston is also a non-executive director of Celtic plc. He holds a B.A. in economics from Manchester University and qualified as a chartered accountant in 1987.

COMPANY BRIEF As one of the world's leading communications services companies, BT (www.btplc.com) serves the needs of customers in the U.K. and in more than 170 countries. Their main activities are the provision of fixed-line services, broadband, mobile, and TV products and services, as well as networked IT services. Globally, they supply networked IT services to multinational corporations, domestic business, and government departments. In the U.K., they are the largest communications services provider, serving the consumer, business, and public sector markets. They provide wholesale access to their U.K. fixed-line network for more than 1,000 communications providers, as well as offering related support services. The company is made up of four principal lines of business: BT Global Services, Openreach, BT Retail, and BT Wholesale.

Is there an effective understanding today of what BT stands for, and the range of services and markets that you service?

Our big corporate customers understand BT is not British and we're not Telecom – we're

truly a global data network company. Those who have less contact with us may not see the full picture.

People sometimes have a view of us that is rooted in the consumer communications market, which is actually only 25 percent of our business. The majority of our business is serving global corporations.

How has that evolved and what are the key areas where you're providing service today?

It has evolved – we're a far more global company. Unlike other telecom companies, it's not that we have moved in country by country; we don't plan on the basis of deciding, for instance, that now we'll seek to sell to consumers in the U.S., Italy, or China.

What we do is seek to support our big corporate customers who operate around the world. So we operate in 170 countries, because our big customers like Procter & Gamble, Unilever, Anglo American, Fiat, and Phillips all operate in 100-plus countries. We make sure we go where they go or where they're about to go.

We have become recognized as a truly global company and one that is particularly focused on supporting these major corporate customers, not just with the network, but also with the things that go around supporting the network. And we feel our range is quite impressive. For instance, there are about 65,000 traders around the world who rely on BT to operate the trader stations you see them talking into.

On the floor of the New York Stock Exchange, the BT logo is everywhere because we supply a lot of infrastructure that supports their operations.

We're so much more than just a communication company and one that goes far beyond one country.

Is it difficult to differentiate in this space and how challenging is it to show what makes a brand unique?

There are very well known international brands like AT&T and Verizon. And on a global basis, we recognize them as being our major competitors.

We have had a particular focus on corporations and data, and going where our customers wish us to be.

I am relying on U.S. corporations becoming global and the differentiation for us is that we don't seek to be, and aren't seen as being,

a British company servicing British corporates globally – we're seen as servicing true multinationals. So you'll see us in Cincinnati, New York, London, Singapore, and Hong Kong servicing these companies. We try to be truly global rather than expanding internationally from an individual country.

Our customers recognize that difference, which is why we have enjoyed a reasonable degree of success these past few years.

As a result of the global economic crisis, how much of an impact did you see on the business and how was BT able to remain strong during such a challenging time?

We had to work to understand the situation for big corporations, because a number of their markets had issues. But they also had great opportunities in new markets – there was huge growth in China, Brazil, and in some parts of the Middle East.

So these big corporations were trying to cut their cost base and they responded pretty quickly. It was quite an interesting time in the big corporate space. People hung back from big capital decisions. But generally, companies got themselves in good shape and the fact that you have seen some very strong corporate profitability results from corporations throughout the world reflects the fact that they got their budgets and cost base into good shape early on.

We tried to help them in that exercise, so that meant some real opportunities.

Do you still see growth opportunities for the brand in the U.S. and how have you seen that market coming back from the downturn?

We tend to talk about the U.K. being a combination of Europe and the U.S.; the U.S. has been a combination of Europe and Asia.

The American economy is a nationally dynamic economy. It has, however, some European-type debt problems, both consumer- and government-based. But the U.S. economy has yet again showed some dynamism. Its challenges are more fiscal than they are in the fundamental strength of its corporations.

Its corporations are expanding and they have some of the best known brand names in the world; they're also innovating quickly.

So I'm apt to accept that you can carry on with 10 percent budget deficits.

There are a lot of growth areas around the world and these corporations are certainly servicing that.

How critical are the BRIC countries and what have your experiences been in China, in particular?

We don't seek to serve Chinese consumers or small businesses; we look to serve major multinationals expanding in China.

So when Novartis, for instance, wants to open a factory and office, they look to us to provide the network – pretty much as they do when they are expanding in Europe or the U.S. We also provide the network for DHL around the whole of Asia.

We look to support Chinese companies becoming regional multinationals around Asia. I'm convinced this is going to be the decade of the Asian multinational and that is true globalization as opposed to the way Western companies expanded in the past.

What we're seeing is not the emergence of the Chinese economy; we're seeing the re-emergence of the Chinese economy. So we're doing a lot with the Chinese. We're also doing a lot with Indian companies and with Australian companies.

Another area where we've seen a huge amount of growth is Latin America – Brazil, Chile, and Colombia. There are also a number of opportunities in the Middle East.

It has gone unnoticed because of what is happening in China, but we have also seen solid mid-digit GDP growth across Africa.

Have you been able to find solid local talent in those emerging markets or do you need to bring people in from outside?

We have people in many countries, so we try to combine that global sectorial knowledge with a local presence.

It can be difficult in some of the emerging economies, largely because there is a big demand for talent and you see much higher turnover in India or China than you might see in some of the European economies. So it's

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marginally more difficult to keep people than to find them.

How critical is it for the brand to drive corporate responsibility throughout the organization?

It's important, and you always think about your key stakeholders and customers. BT has gained a lot of recognition for our efforts, so customers appreciate that.

Businesses need a license on how they perform in the communities they operate in. So the engagement of our people is most important and a key driver for them is the sustainability of our own society.

It's not just about giving money; it's about involving our people and using our expertise to do some amazing things.

We recently launched MyDonate, a Web site that allows you to donate money to charities without any fee. There are online sites for that, but they charge 5 percent. Running this site will cost millions of dollars a year, but we can save charities tens of millions of dollars and probably encourage an increase in donations. That's just one example of using our technology and capability to leverage up. We actually hope we get good brand coverage for it – there's nothing wrong with doing good for the company while doing good for society.

Sustainability has to be at the core of our brand in the way we do business, in how we engage our employees, and as a key attribute in our relationship with our customers and suppliers.

It's important for businesses to talk about what they do and to make sure they do it. Business is good for society. The operation of business and globalization is the reason why you see economic growth that has raised people out of poverty in so many countries.

As those businesses operate, they continue to contribute. The schools we support in Delhi and the activities we have supporting IT inclusion in Chile and Brazil are examples of activities that are at the core of what we do.

So sustainability in all its forms is vital to us and one of our key corporate objectives.

With such size and scale, how challenging is it to retain a culture of innovation?

In terms of people, we used to be a much bigger company. But we have arguably become more nimble as time has gone on.

One of our key attributes is honesty, meaning people focus on improving rather than on telling us how well they have done. I tell my management team that their job is to tell me what they can do better and my job is to tell them how well they have done – not the other way around.

The other attribute is agility, which is about pace. It's about getting people to act like a small business, i.e. making sure they're close to the customer, that they abhor bureaucracy, that they take responsibility and are accountable, and that they are prepared to try fast, evaluate fast, reverse fast, and succeed fast again.

You take these attributes and move at pace and make sure that what you do is within the framework of the ethics of the company.

We're doing well by the telecom market's definition, but you have to set yourself against the best. Retailers are often the best, because

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in retail, if you lose the hour, you lose the morning; if you lose the morning, you lose the day; and if you lose the day, you lose the week – so make sure you don't lose that hour.

You need an agility that means you're driving forward at a pace and we're making progress with that.

How important is it for you to still be out there with customers despite your managerial responsibilities?

I read every single customer letter I receive, because there is nothing like reading the individual letters, e-mails, and comments you get good or bad to give a real sense of what is happening day to day. And if employees know that I'm reading all the customer letters, they will do the same.

We have reduced our complaints by half over the past couple of years. So listening to our customers is absolutely vital. Focusing on the customer and the customer experience is primary, because it drives costs down as well as customer satisfaction up.

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With all the ways you can be reached, can you turn the business off?

The barriers between personal and corporate life have become more muddled, but that is the price that a CEO should pay. I don't have people scan my e-mails and deal with the ones I don't want to see, because I don't want to miss anything in the tapestry of our communication. ●