

# Sprint Audit: Entrepreneurial Ideology Excerpt

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V2.0

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## Strategic Overview

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Most of the tactical challenges identified in this report flow, either directly or indirectly, from two high-level strategic factors.

The first issue is the wireless division's overarching strategic commitment to clarity (or a lack thereof). There exists **a fundamental disconnect between the company's stated brand pledge – end-to-end clarity – and the reality of its daily operations**, in which an obsession over the sheer number of new customers (with very little concern for their comparative value) drives a self-defeating, *ad hoc* "anti-clarity." When push comes to shove, clarity is always trumped by cost, new customer adds or other bottom-line considerations.

As this report will demonstrate, clarity is sacrificed so routinely that in places it seems to have no credibility left to influence actual policy-making. In the words of one top executive, "clarity is the first thing to be thrown under the bus" when it conflicts with perceived "business realities."

The second relates to the company's core **ideology of entrepreneurship**. Wireless sees itself as an entrepreneurial company, and for the most part its leaders and employees take great pride in this notion. In order to appreciate what this means for the Wireless division within the context of the wireless market, it's essential to understand that *entrepreneurship equals acquisition*. The entrepreneur is, by definition, an empire *builder*.

However, it is one thing to build an empire and another entirely to govern it, and there comes a time in the course of all empires where the constructivist impulse must give way to stewardship. That moment has arrived for the wireless division, and in operational terms this means that the company's rage to acquisition must now be moderated in favor of a stronger commitment to retention. It is still important to grow, but now the growth process must center on expanding the value of the existing base through superior service, a meaningful emphasis on high-value customers and better up-selling and cross-selling of all existing customers.

Taken together, these concerns suggest that the wireless division needs to redefine the role of brand management. Instead of crafting a *façade* of clarity through the smoke and mirrors of advertising imagery, Wireless must now focus on delivering clarity at each point, each moment of customer contact (which is where the brand is actually generated, evolved and reinforced). Every contact with the company is a microcosm of the brand in the mind of the customer, whether we're talking about a call to Customer Care, a visit to Wireless.com, programming and using the handset, reading the owner's manual, shopping in a retail store or seeing a commercial at halftime of the Bills/Broncos game.

These brand touchpoints absolutely have to speak the language of clarity. Clarity is a connoisseurship brand – the “anti-VoiceStream,” if you will – and whatever power it has to compel the loyalty of high-value customers is badly compromised when Wireless’ practices and policies continually violate the brand promise. Promising clarity and not delivering is worse than not even trying in the first place, because failing to meet the expectation amounts to a betrayal of customer faith.

There are other brands out there that could make appealing promises to the marketplace, and if Wireless’ commitment to clarity is going to remain little more than lip service, it would be worthwhile to begin exploring other options.

### **The Entrepreneur and the Steward**

As we spoke with Wireless executives about brand issues, one of their concerns slowly emerged as being central to all the smaller operational challenges we were hearing about. Time and time again we either heard comments about the company’s perceived emphasis on acquisition over retention or saw actual practices and behaviors at work that reflected this emphasis.

Meanwhile, we were seeing external validation of the acquisition-over-retention dynamic. The AirWave quarterly earnings report made a point of noting its leadership in new adds (which we take to be one of the most important yardsticks of company performance), and a major *Business Week* profile (“What Ails Wireless,” April 1, 2002, pages 60-64) on the wireless sector likewise noted the emphasis, while pointing out that the available new customers over the next five years will be decreasing dramatically and making clear that players in the industry will be compelled to focus more heavily on retention.

We would sell our soul to have this be the fifteenth quarter that we were the fastest-growing wireless competitor. Because I always think to myself what will happen if somebody grows faster than we do in a quarter? Will we all go out and in a ceremony slit our wrists... If we got in the middle of a quarter and that quarter wasn’t doing well, I can remember the time that we launched a whole brand new product in ten days. – *Wireless Customer Solutions Executive*

At the same time we heard several executives lauding the company’s entrepreneurial spirit, which is broadly seen as a powerful cultural asset.

As we were concluding the last of our interviews, it finally became clear that the key factor underpinning so many of the problems identified by Wireless execs, managers and line employees was the company’s deeply seated ideology of entrepreneurship.

The entrepreneur is an empire builder, someone who, through hard work and an innovative vision, makes something out of nothing. In industry terms, *entrepreneurship equals acquisition*; there is nothing to retain at first, so the prime task is to accumulate, to grow.

In the course of any empire, be it geo-political or corporate, there comes a time when the impulse to building must give way to stewardship, a time when the emphasis turns from building the empire to governing it. It is our belief that this time has arrived for the Wireless division, and we doubt this comes as a revelation to the company’s leaders, many of whom are on record saying essentially this.

However, it is abundantly clear that the ideology of stewardship has not yet translated into broad operational policy and practice (although we see suggestions of it in various places).

As the clarity brand prepares for the coming 3G world, we believe that its interpretation and operationalization as a message of retention, customer care and stewardship will serve the Wireless division well.

## Evolving the Wireless Division Corporate Ideology

In summary, Gronstedt Group encourages the Wireless division to begin framing its strategic planning and tactical execution in terms of *clarity-as-stewardship*. The company has built something quite remarkable in an astonishingly short period of time, and now that it finds itself overseeing a bustling empire it's time to focus more energy on running what it has.

This doesn't mean the Wireless division should abandon acquisition goals by any means, but it needs to shift from an acquisition mentality that revolves around raw new adds toward an acquisition strategy that acknowledges the importance of up-selling the value of the current base and that understands the best tool for attracting new customers is the satisfaction and unwavering loyalty of existing customers.

The technology evolution is causing us to rethink what's the customer. If Cadillac manufactured 300,000 Cadillacs with a Wireless modem on it for its on-road service management, is that 300,000 customers? The person driving this vehicle doesn't even know that the Cadillac's talking to the service line. He also has a phone. But so what does that mean? We may need to start thinking about how we define customer. Is it machine-to-machine messages, the vending machine that is now giving a message to a host system someplace that it's down to twenty percent of its stock? – *Wireless Executive*

Within this context, we believe clarity will find even stronger expression and salience within the marketplace, a critical factor for a company that finds itself in an increasingly retention-oriented industry.