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BY JOHN IZZO

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Leading Ideas

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When Darren Entwistle became CEO of Telus in 2000, the Canadian telecommunications firm was a solid but unspectacular amalgamation of two former regulated telephone utilities. Since then, the company has experienced a notable transformation. During the last 15 years, few companies have delivered as consistently on almost all metrics that matter. Telus's revenue has doubled, from US$4.5 billion in 1999 (CA$5.9 billion, using 2015 dollars) to $9.2 billion (CA$12.0 billion) today. The company has become the global leader in total shareholder value creation among incumbent telecom companies worldwide, returning 351 percent to shareholders between 2000 and now. It has the lowest customer churn rate of any major wireless carrier in North America, and receives customer satisfaction ratings among the top tier on J.D. Power and Associates. And Telus's employee engagement score stands at 85 percent, a world-best for a company of its size and workforce mix, according to Aon Hewitt.

Telus demonstrates many of the most common characteristics of "good management," such as a focus on execution, people, and talent, as well as clearly articulated goals. But there's more to the story of the company's ascent. A closer look reveals an organization that has shown an unusual consistency of focus, in both its business strategy and its corporate culture.

It all began in those first few years after Entwistle (who transitioned to executive chair in 2014, but became CEO again in August 2015 when his replacement stepped down) took the helm and decided to make a long-term bet. At the time, in the early 2000s, wireless and data services were a relatively small part of the revenue of most telecommunications companies, but Telus decided that they were the future of profit growth. (Data services include products such as home Internet service and cloud-based applications for businesses.) Of course, long-term bets often mean short-term pain. But Entwistle, now a 30-year industry veteran, kept making the case internally and externally that this strategy, if pursued over time, would pay big dividends.

The Confidence to Execute

Having a consistent strategy may not seem like a differentiator. But in consulting with about 500 companies worldwide over the last 30 years, I have, time and again, heard employees complain that their company subscribes to the "flavor of the month" approach, constantly switching direction. Frequent changes in strategy breed both cynicism and a lack of confidence among employees.

A clearly articulated, consistent strategy, however, serves several important purposes. For one, it creates a deep sense that the company "knows where it is going." Over the last three decades, authors Jim Kouzes and Barry Posner have studied the factors that inspire employees to admire and follow leaders. Around the globe, they have discovered that the perception of managerial competence, especially as it relates to framing a clear and inspiring future, is a key driver of employee commitment. In *Great Leadership Creates Great Workplaces* (Jossey-Bass, 2013), they reported that team members are 40 percent more committed when they believe their leaders have a clear philosophy.

Consistency also helps organizations make and accept tough decisions, even in the face of uncertainty. Josh Blair, executive vice president of Telus Health, Telus International, and Telus Business Solutions (for Western Canada), recalls that "when Darren [Entwistle] joined Telus, the legacy wireline phone business was still generating the lion's share of our revenue. Darren recognized that wireless and data services were the future, and very quickly made some big bets that launched Telus into these markets in a significant way. These investment decisions were daunting to some because they signaled such a major shift away from the world they knew," but Entwistle kept driving the message that "connecting people" was the future of Telus. This consistency bred confidence among employees, and confidence led to strong execution.

Telus developed six strategic imperatives that still guide it today. It resolved to provide integrated solutions; build national capabilities across data/IP, voice, and wireless; partner, acquire, and divest as necessary; focus relentlessly on data, IP, and wireless growth; go to market as one team; and invest in internal capabilities.

The company had to take resources from its traditional businesses to invest in its new, untested strategic imperatives. An early purchase of Clearnet, a wireless upstart in Canada, increased the company's debt. When this was coupled with the tech market meltdown, Telus saw its share price drop below CA$3 (the company's shares now trade around CA$45). It was a big bet, as was the decision to enhance and expand the network during the financial crisis of 2008. The consistency of the strategy helped team members and shareholders accept the short-term pain.

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Living the Values

At the same time that Entwistle was codifying the company's strategic imperatives, he was rebuilding the corporate culture. Much to the chagrin of many long-standing operational leaders (some of whom left the company), he set about creating a culture that would develop a strong sense of ownership among employees — a policy change Entwistle deemed necessary to achieve the kind of exponential growth he envisioned. Today, more than three-quarters of Telus's employees are shareholders

One of his first acts as CEO was to reach out to thousands of associates to learn about what mattered most to them. Four core values emerged from this exercise: passion for growth, courage to innovate, spirited teamwork, and embracing change. Entwistle and his team then systematically embedded these values into everything from hiring and training to compensation and recognition. For example, they changed employees' annual performance ratings for the purposes of determining their bonuses; now 50 percent of the rating is based on performance against the employee's objectives and 50 percent is based on his or her consistency in demonstrating the Telus values. Management also created an employee recognition program called Bravo, through which peers could recognize one another for living the company's values.

Additionally, Entwistle tapped into his employees' history of giving back to their communities, and formalized the company's commitment to social responsibility with the philosophy "we give where we live." He ran volunteering, donation matching, and cause marketing programs that energized associates and garnered global recognition for Telus.

Like the six strategic imperatives, the four core values and corporate social responsibility initiatives

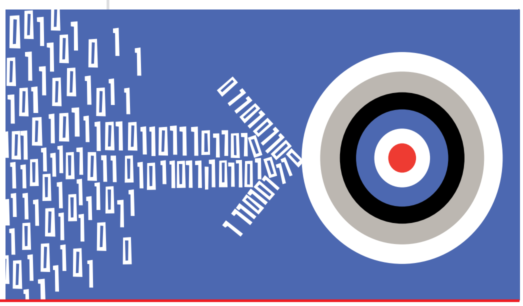

Illustration by Lasse Skarbovik

have remained constant, and clearly communicated, over 15 years. On several occasions, leaders who were not living the Telus values were asked to leave the organization. The message was clear: Live the Telus values or you won't thrive here. Without such clarity, an organization can languish, burdened by people who don't really fit or who sabotage change efforts in subtle but important ways.

Organizational culture often takes years to change, especially in an organization moving from a highly regulated, protected market into a highly competitive, innovation-driven world — just as Telus was doing. Entwistle penned weekly letters to the organization reiterating the strategy and detailing Telus's progress toward its goals. He conducted frequent "town hall" meetings across the organization, both to communicate the strategy and to listen intently for any disconnect between the company's leadership and its team members.

Sandy Innes, vice president of total rewards and performance development at Telus, recalls that "Darren would do these 'igniter' sessions where he shared the strategy, the strategic intent, the six strategic imperatives, and the values. A senior exec would explain what the values meant to them and explain how we got to the values." Team members were consistently reminded not only what the strategy was, but also why it was the right strategy for the company. But at the same time, leaders took their people's perspectives into account. Indeed, starting in 2008, Entwistle championed the company-wide adoption of a decision-making technique called Fair Process, which required leaders to incorporate the insights, concerns, and ideas of employees who would be affected by a decision.

Innes says that one of the interesting things about Entwistle was that "he worked really hard to make sure you were following him, and then once he knew you were following him, his expectations got super high." Take notice of the sequence. Many managers make the mistake of trying to drive high expectations before people have truly bought in. At Telus, leadership's consistent strategy bred confidence among employees, and leadership's engagement with people on the "why and how" gained their commitment. That's how Entwistle was able to get 40,000 people to align their objectives and actions with those of the company.

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Stay Nimble, Stay Stable

Some may wonder whether holding a consistent strategy in times of change might create a liability rather than an asset. But consistency doesn't imply rigidity. Although Telus's strategic imperatives have remained the same, the company is constantly adapting and adjusting. Twice a year, all of Telus leadership comes together to do what they call a "strat check," to examine the current context they are operating in, evaluate what their competitors are doing, and assess the emerging competitors. And once a year, the Telus leadership team follows a rigorous process to assess whether the strategy remains the right one.

The company has made shifts as a result of these discussions, but such changes fit within Telus's established strategic framework. For instance, Entwistle personally spearheaded the company's successful entry into the healthcare technology market. He believed that providing the technology underlying the storage, usage, and transmission of electronic health records and health benefits information was a natural evolution of the company's strategic intent.

Telus is a sterling example of a company that thrives on a bias toward minimal change. In other organizations, the bias is to change for change's sake — simply to appear to be doing something different. Many leaders mistakenly believe they need constantly to remind their people of what is different instead of what is staying the same. Of course, change is exciting; consistency seems boring. But the Telus story illustrates how inspiring it can be when leaders stay the strategic course. ✚

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