

## Crossed lines in the boardroom

The inside tale of how Nokia lost a market it dominated

IT IS A tale that might have been written by Shakespeare. It features hubris, nemesis and partial redemption, as well as clashing personalities and losses in the billions of dollars. And it all takes place in the most unlikely of dramatic settings: a Finnish boardroom.

Risto Siilasmaa is the chairman of Nokia, which is today a very different and much smaller company than in 2008 when he joined its board as a non-executive director. His book\* recounts the gripping saga of how Nokia was driven out of the mobile-phone business it dominated, and had to reinvent itself.

When Apple launched the iPhone in 2007, Nokia at first seemed to view it as a niche competitor with a high price-tag that would capture only a small slice of the market. After all, Nokia's phones appeared to have all the bells and whistles needed to succeed. Users could download music and listen to the radio; they could use their phones to take photos and videos; they could send and receive email; and even use maps.

Mr Siilasmaa had a front-row seat for the drama that ensued when he first joined the firm, but very little real influence. As he explains, board members have limited access to limited quantities of important company information. With his software background, however, he quickly perceived the firm's big problem. Its devices could rival the iPhone mechanically, but the operating system could not compete. Nokia's Symbian system was cumbersome for users, who had to send confirmations whenever any function was added to the phone.

Nokia also had a wide range of devices with different operating requirements, making it difficult for app developers to customise their offerings. Apple, by contrast, had only one platform and enjoyed the benefit of being able to design a system from scratch.

Increasingly concerned about these problems, Mr Siilasmaa wrote a strategy document suggesting that the company should consider embracing the Android operating system for phones, which was rapidly gaining market share. He sent it straight to Nokia's chairman, Jorma Ollila.

Every good play needs a villain, and this book casts Mr Ollila in that role. Before becoming chairman, he had been Nokia's chief executive from 1992 to 2006, the years of its rise to dominance. He did not seem to appreciate a non-executive director putting his oar in. Mr Siilasmaa writes that "with a sharp-tongued and thin-skinned chairman at the helm, intent on maintaining iron authority, raising questions can be close to mutiny". He tried again, this time sending his memo to the chief executive and other board members, but says his concerns were never addressed in board meetings.

Mr Ollila, now 68, has described Mr Siilasmaa's claims as exaggerated or not true. But Nokia's performance deteriorated sharply during his last years in charge, and nothing he did was able to stop it. The company did team up with Microsoft to launch a Windows-based phone, the Lumia. But by 2012, when Mr Ollila left the board, Nokia's market value had fallen by 92% since Apple's iPhone was launched and the firm was making a loss.

The mutineer was then obliged to move to centre-stage. Mr Siilasmaa came in as the new chairman when the company's fortunes seemed to be at rock-bottom. Instead, the news got worse: the Lumia phone received good reviews but failed to gain market share.

So Mr Siilasmaa acted. In 2013 Nokia sold the phone business to Microsoft and struck out in a different direction. The company bought out the share of Siemens in a joint venture called NSN and acquired Alcatel-Lucent. Now Nokia offers "end-to-end" digital infrastructure, supplying network equipment and software to telecoms operators. It is profitable, but its share price has barely moved in the past five years and future success is dependent on a wave of spending on 5G telecoms networks, which may come slowly.

Nokia was already a classic example of the perils of disruptive innovation for industry leaders. Mr Siilasmaa's account underlines how little influence board members often have when faced with an entrenched management team. He insists that a board's role must be to challenge management. Bosses must have an attitude of "paranoid optimism", always on the lookout for potential threats. Nokia's story shows why.

\* "Transforming Nokia: The Power of Paranoid Optimism to Lead Through Colossal Change"

Adapted from The Economist 10th of November

**Ex. 1 Find the words or expressions in the text which mean the following:**

1. a room in which a board of directors of a company or other organization meets regularly.
2. excessive pride or self-confidence.
3. a long-standing rival; an arch-enemy.
4. the action of saving or being saved from sin, error, or evil.
5. tell someone about something; give an account of an event or experience.
6. firmly holding the attention or interest; exciting.
7. emit a high-pitched sound
8. happen or occur afterwards or as a result.
9. large or heavy and therefore difficult to carry or use; unwieldy.
10. a thing offered, especially as a gift or contribution.

**Ex. 2 Match the expressions from the two columns into logical collocations:**

1.	clashing	settings
2.	dramatic	tag
3.	niche	personalities
4.	price-	could not compete
5.	bells and	competitor
6.	operating system	dominance
7.	design a system	whistles
8.	rise to	bottom
9.	a sharp-	from scratch

10. be at rock-

tongued

**Ex. 3 Provide English equivalents for these expressions.**

- 1) czarny charakter, łotr
- 2) wرتać się, wsadzać nos w nie swoje sprawy
- 3) u władzy
- 4) podupadać
- 5) bunt
- 6) zacząć od nowa
- 7) niebezpieczeństwa
- 8) zakorzenione

**Ex. 4 Complete with gerund (-ing) or infinitive (ex. to do).**

1. This sport is very hard \_\_\_\_\_ (practise) if you are not fit because it involves \_\_\_\_\_ (run) a lot.
2. I hate \_\_\_\_\_ (smoke) because it is harmful for our health.
3. Could you \_\_\_\_\_ (speak) more slowly? We find it very difficult \_\_\_\_\_ (take) notes.
4. Are you excited about \_\_\_\_\_ (study) abroad for a year?
5. The film was so good that it was worth \_\_\_\_\_ (see) it again!

**Glossary**

boardroom	pokój zarządu
hubris	pycha
nemesis	wróg
redemption	odkupienie

recount	zrelacjonować
gripping	trzymający w napięciu
whistle	gwizdać
ensue	wynikać, następować
cumbersome	niewygodny
offerings	ofiary
clashing personalities	przeciwnie charaktery
dramatic settings	dramatyczne okoliczności
niche competitor	niszowy konkurent
price-tag	metka
bells and whistles	dodatki, bajery
operating system could not compete	system operacyjny nie mógł konkurować
design a system from scratch	zaprojektować od początku
rise to dominance	zająć dominującą pozycję
a sharp-tongued	o ostrym języku
be at rock-bottom	być na dnie
villain	czarny character, łotr
putting his oar in	wrtęcać się, wsadzać nos w nie swoje sprawy
at the helm	u władzy
deteriorated	podupadać

mutiny	bunt
struck out	zacząć od nowa
perils	niebezpieczeństwa
entrenched	zakorzenione

KEY:

ex. 1		ex. 2	
1	boardroom	1	clashing personalities
2	hubris	2	dramatic settings
3	nemesis	3	niche competitor
4	redemption	4	price-tag
5	recounts	5	bells and whistles
6	gripping	6	operating system could not compete
7	whistles	7	design a system from scratch
8	ensue	8	rise to dominance
9	cumbersome	9	a sharp-tongued
10	offerings	10	be at rock-bottom
11		11	
12		12	
ex. 3		ex. 4	

1	villain	1	to practise, running
2	putting his oar in	2	smoking
3	at the helm	3	speak, to take
4	deteriorated	4	studying
5	mutiny	5	seeing
6	struck out	6	
7	perils	7	
8	entrenched	8	
9		9	
10		10	