Selling telecommunications: organisational strategy and managers' agency at the boundaries: contribution to stream IV.2 "Globalisation of Work and Workers" of the 1999 ESA Conference "Will Europe Work?", Amsterdam, August 18 - 21

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Selling Telecommunications: Organisational Strategy and Managers' Agency at the Boundaries

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The paper pursues the question how managerial agency is being built into organisational change both strategically and by default. We are considering key account sales managers in telecommunications, that is, actors in a strategic boundary-spanning role in the organisation. They are expected to generate knowledge, to enact the organisation's innovativity and – if possible – its control over the market environment. Beyond this, they need to implement and anticipate the guidelines and reward systems which are supposed to guide their actions.

1.   Telekom Privatisation and Reorganisation

The deregulation of telecommunications markets has started off considerable organisational change in the privatised (ex-)monopolies. In Germany as elsewhere (Katz ed. 1997), Deutsche Telekom AG used to be a public authority which provided standardised infrastructures and services to customers at homogenous prices. It employed civil servants to do so and had strong employee representation. It has transformed itself into a customer- and market-oriented stock corporation, which operates on a global market and is very busy forming international alliances. In Germany it has been reducing personnel by a quarter (from 230.000 in 1995 to 170.000 in 2000) in a "socially sustainable", consensus-oriented way involving a hiring freeze, early retirement, and severance pay offers. In return for the exclusion of layoffs workers had to accept considerable mobility. The organisational structure is under continuous transformation. It has been divisionalised, is oscillating between decentralising and re-centralising moves, rationalisation and work reorganisation (Darbishire 1997). Performance-related pay structures and management by objectives are being gradually introduced starting on the management level.[1]

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[1]   These are results from a project on the transformation of employment relations during the privatisation of Deutsche Telekom which was financed by the Deutsche Forschungsgemeinschaft and on which we have worked together with Hanns-Georg Brose, Gabriele Wagner and Claudia Zenker. The research took place

However, the organisation is not just adapting to a very different institutional environment but also trying to maintain strategic ability and to (partly) control these changes and extend zones of control. The design of organisational boundaries has become a key element of organisational strategy. Sales departments play a central boundary-spanning role in so far that they actually transact the marketing of organisational output, communicate customers' needs and demands, filter and interpret information and embed economic relations (Adams 1980; Granovetter 1985; Tacke 1997). Hence, it is sales managers who not just represent and enact the organisation's services for their customers but they also do a fair bit of enacting and constructing the market environment for their organisation. This gives them a certain freedom and a privileged position in the organisation:

> „Cosmopolitan, knowledgeable and reflexive, managers may exploit their own plural social identities – and those of whomever they need to influence – to discover rules and resources from other systems capable of empowering or legitimating their conduct at work" (Whittington 1994, S. 70).

In the selling of telecommunications and high-tech goods in general, boundary-spanning becomes specifically generative of knowledge: sales managers in interacting with their customers define „problems" and „solutions" and configure products, services and infrastructures. They are involved in getting these configurations to work according to customers' purposes (or redefining these purposes according to what the technology can do) or, put more abstractly, in contextualising technological innovations. In positioning the organisation in the market, interacting with customers and their own organisation, and generating technological innovation, they perform a complex enactment of past, present and future knowledge, technological competence, and social capital. This happens especially if customer-specific, complex solutions are being sold. Here, we are concentrating on key account management (Großkundenmanagement) (more exhaustively see Blutner et al. 1999).

Telekom like other telecommunications companies started its orientation towards the market by segmenting its customers into private and business in the first place, and then forming a specialist unit for the key business accounts. Key account management look comprehensively after the largest and technologically most advanced customers under the principle of „one face to the customer". Half of the key account managers have been recruited from Telekom's own ranks and the other half from the labour market. Here, an exception was made from the hiring

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in two branches which specialise in business services. There, we conducted an analysis of documents, expert interviews, a survey of employees and biographical interviews.

freeze in order to import market and business knowledge into the organisation. They were given contracts which contain something like 15 – 30% of performance-related pay. They generally hold telecommunications engineering degrees and were recruited for experience and also for their previous contacts in the business. A considerable number came from Siemens.

2.   Selling Telecommunications: Three Stories

We are going to take a look at three aspects of selling telecommunications under an enactment perspective (Weick 1995; 1996). If we are pursuing managerial agency, it makes sense to do so on the micro-level of individuals acting in the organisation. The examples we are presenting here are based on a careful interpretation and comparison of research material from different sources. The analytic stories we are telling are based on stories key account managers and their bosses told us in our research (Czarniawska 1997) and are fairly typical. The first is about knowledge generation and exploitation; the second about hegemonic control over customers' perceptions of problems and solutions; and the third about the internal accommodation of sales successes and organisational rewards systems.

2.1   Knowledge Generation

Selling telecommunications solutions means to generate knowledge in interaction with the customer. His actual and potential needs are defined and matched with the products and services Telekom has to offer. This of course involves an analysis of the customer's organisation's structures, workflows and communication needs. In this process, a bespoke solution is developed. However, a knowledge intensive high-tech organisation does not restrict itself to customer-specific solutions. The specific analyses of customers' organisations offer the opportunity to draw on customers' resources of knowledge and experience for Telekom to develop new value-added services and technologies, to shorten innovation cycles and standardise products.

To do this more effectively, in 1997 the key accounts management was reorganised along the lines of customers' industries (manufacturing, retail, public sector and services). Managers themselves were given the additional objective to develop an industry-specific solution each and hence to generalise customer-specific solutions. This involves both competition among managers and co-operation in task forces and working groups. Key account managers are made to specialise and to "sell" their solutions internally as well. Hence, the organisation is redefining the success criteria of key account managers' actions: They are expected to standardise and generalise the contextual knowledge they have generated in interaction with the customers themselves and make it available and profitable for the organisation as a whole.

Of course, in the next cycle of selling telecommunications, such decontextualised branch-solutions are going to be mutually adapted with customers' needs and demands again. We have a neat structurationist cycle of organisational de- and recontextualisation of technology and knowledge which is operated by managers' agency (Giddens 1984; Whittington 1994; Rammert 1997). In order to motivate them for that task, the organisation draws on a balance of sales managers' own competitiveness with their engineering professionalism.

2.2   Hegemonic control of customers

However, it is not just managers who are tied into the cycles of Telekom's knowledge generation which is supposed to ensure both the organisation's efficiency and innovativity (Dougherty 1996). Looking after customers in this comprehensive sense means that in interacting with them, not just their actual needs and demands are negotiated but also future, potential and latent needs are identified and cultivated. This happens on the symbolic level by a very general demonstration of Telekom's innovativity. Key account managers (co-operating with marketing departments) show their customers an overwhelmingly futurist world of current and future telecommunications applications and integration. The second step then is to configure a solution which answers to the customer's specific needs. And very possibly needs are being redefined when customers are shown what else and far beyond is or could be possible.

Beyond the re/definition of needs and solutions, the organisation is presenting a generalised competence on the symbolic level. Key account managers are generating trust in themselves and the organisation by offering themselves as guides through the overwhelmingly complex and fascinating world of telecommunications and by offering orientation and advice in advance of actual sales. Managers call this generation of trust „doing business by fear":

> „We must do business on the customers' fears. I have to tell him how good we are, how much better we are going to be and I have to render him smart enough to ask our competitor questions: What can *you* do? And if he considers changing to another carrier, he needs to feel really bad, have heart palpitations and panic attacks to make this decision" (Key Account Manager RS)

This way of generating trust draws on the basic unpredictability of the future, the insecurity of technological progress, the centrality of information and communication technology to business operations, and – as we all know – the always precarious running of information-and-communications systems. In this process the organisation tries to convert its status as a technologically competent ex-monopolist into a hegemonic status which allows it the present

and future dominance over customers' definition of solutions and problems even if the market offers alternatives.

If generating trust from fear works, of course it ties the organisation into that hegemonial relationship as well. Telekom needs to justify the trust which is generated symbolically on the technological level by actually delivering the goods and creating a functional and working telecommunications system. If it does, it has the chance of creating technological path dependencies (Dosi 1982) in the customer's organisation which let customers look to Telekom first for orientation and for concrete solutions.

2.3 Internal performance

The key accounts management with its externally recruited managers, its strategic role and the high expectations has been pioneering management by objectives and performance-related pay structures in the organisation as well. It has been built up to spearhead market orientation in the organisation – which predictably caused some animosity especially between key accounts and general sales departments.

Managers are not just presenting the organisation's "one face to the customer" and taking care that this face looks as innovative and trustworthy as possible. They also need to negotiate with their own organisation, mobilise its resources in the interest of their customers and get other departments to perform according to the expectations the salesforce have raised. And: they need to get their own working conditions into working order. This becomes clear in the problem of measuring key account managers' performance:

> In our league, I should have been used to management saying okay, you have a sales volume of X with your customer and we'll expect you to increase that to Y, never mind by what means and with which products. However, unfortunately Telekom isn't able to figure the sales per customer. That's because of the different information systems a customer is processed in. Putting it strongly, there is one information system for each product. So, we have been pushed to product sales targets. Not selling so many phones exactly, but so many faxes as a target, if you like. Right, so we'll see how to make this year's targets come alive in a sensible way, and how we are going to agree on a reasonable provision-based salary. (Key Account Manager CN)

So professionally he would expect to have his performance measured in market terms of money. The organisation however still processes its information in terms of a planned economy which fits a provider of standardised infrastructure. Both the manager himself and his or her boss then will have to translate the provision based reward system and the

information they have about sales performance into the patterns provided by the organisation's information systems and vice versa.[2]

Of course, performance-related pay generally involves complex constructions of accountability. The uncertainties of the market are redefined as results of managers' performance and this is supposed to be motivated by their financial self-interest. Both the market and managers' agency thus are constituted and enacted in a specific way by their own actions. Sales, performances and provisions need to be translated into one another. Rules and resources (Giddens 1984) are (re-)defined, enacted and configured into a structure, which needs to be (seen as) functional, understandable, and fair.

In the case of Telekom, the gap between the organisation's new demands and old informational resources is rather large. In order to get the organisation's reward system and managers' contracts to work, they themselves need to link it to the organisation's systemically different past.[3] The past thus cannot just simply be "rubbished" and delegitimated on all levels (as Munro put it, 1998). It needs to be translated, accommodated and quite literally be taken into account.

3.   Conclusion: Building the Future, Struggling with the Past

So Telekom key account managers' boundary spanning role is a very far reaching and complex one. It involves generating knowledge about the market environment and making this knowledge available and exploitable for the organisation, enacting the environment itself in the process. It also involves enacting the organisation's products and services for the customers and extending ties with them into the future by generating trust and technological path dependencies. This means gaining hegemonic control over customers' perceptions and expectations of problems and solutions. Under both perspectives, managers are extending the organisation's strategic abilities into the future both in terms of innovativity and control over the environment.

Thus absorbing risk on behalf of the organisation, they are acting under considerable risk themselves. With a functional and acceptable reward system still under construction, they need to anticipate the implementation of internal market rules and the availability of future resources which are supposed to presently guide their actions. To perform acts of boundary

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[2]   For the notion of translation in reorganisation processes see the contributions in Czarniawska-Jorges/Sevon (eds.) 1996.

[3]   The dimensions of (enacting) past, present and future in the notion of agency are pursued by Emirbayer/Mische 1998.

spanning on behalf of the organisation, they need to span further boundaries between the organisation's past knowledge bases, routines and ways of doing things, and the future market flexibility. All of these possibly contradictory organisational demands to act competently, creatively and reflexively of course are not just that. Knowledge generation, hegemonic control and internal reconfigurations of rules and resources also open up opportunities for managers' agency: to follow their own interest, to implement and defend professional (sales and/or engineering) standards, to get both the organisation and the technology to work.

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