

June 1988

# **SPECIAL 'CHANGE' ISSUE**

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**NEW CUSTOMER-DRIVEN  
FUTURE.**

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**HOW WE'LL OPERATE  
FROM JULY 1.**

**SPECIAL 'CHANGE' ISSUE**



# The Ch

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Telecom is poised to complete the most far reaching change in its history – a change whose main object is to improve the service we provide to all our customers to compete effectively and achieve the right level of profit. The changes are not only restructural but involve questions of accountability, culture and philosophy. This special edition of Telecom News sets out to explain the nature of the planned changes, and how staff will be affected. The details reflect the outcome of the far-reaching discussions on the new structure which have taken place with the trade unions.

The changes take account of the fact that the demands placed on Telecom have altered drastically in the last decade. Within the memories of tens of thousands of employees, our principal task was to ensure the provision of a telephone for every household. There is still a need to service our residential customers, but the task has become immeasurably more complex. We must now ensure in addition the provision of networks and services – the trouble-free transmission of voice, text and data – to allow manufacturing companies, banks, retailers, government bodies, in fact the country as a whole, to function with maximum efficiency.

Telecom itself can operate at full efficiency only if its structure, and more than that, its operating philosophy reflects the ever-changing needs of its customers. Pressure towards re-organisation comes from another direction as well: the continuing threat of deregulation, and the need to brace ourselves for severe competition from many of the world's most highly regarded telecommunication groups. More and more, Telecom is being weighed in the commercial balance, while still being expected to fulfil the social obligations imposed by its charter. This is a challenge we must meet head-on.

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**Telecom Australia**



# Change **P**rocess.

## **Four Operating Divisions.**

The new Telecom is built around four major operating Divisions which reflect our main customer sectors, rather than being run along State lines. The Broadcasting Directorate will also become a Division. The Divisions will work through a given number of Regions. They will be able to call upon specialist services – Shared Resource Units – which include Network Engineering, Research, Training, Information Systems, etc.

From the customers' point of view, the net result will be a set of transparent channels that run all the way through from initial discussion to final delivery. There will be no blurring of responsibilities, no "passing of the buck".

A Region of a particular Division will be run as a separate unit, under individuals selected for their strong general management skills. The Telecom manager will know precisely what is expected of him or her, and will work towards clearly defined goals. The days of remote control and bureaucratic delay are numbered, and "accountability" will extend as far down the line as is practical. If a small number of words had to be chosen to describe the shape of the new Telecom, they could well be Customer-Responsiveness, Simplicity, Flexibility, Cost-Effectiveness, and Accountability.

Accountability goes hand in hand with the "internal user pays" principle as part of the make-up of a leaner, more competitive Telecom. If a Division wishes to take advantage of expertise available in another part of Telecom, it will have to pay for that expertise at an agreed rate. In other words, there is no such thing as a free lunch – even at home.

Specialist services which will be paid for in this way are basically those provided by the Shared Resource Units (see page 9). But on occasion, one Division may charge another for services rendered: for example, if a Country Region can most economically provide physical services for a given major corporate customer, it will charge the Corporate Customer Division accordingly, on a so-called "transfer price" basis.

## **A Place for Everybody on Day One.**

What about the effect on you, the employee? You will be working for an organisation which is customer-driven, and therefore more fitted to withstand competition; an organisation which has been re-modelled to allow us to respond to the demands of tomorrow; an organisation which will offer stable careers to those willing to contribute to the running of a dynamic and prosperous organisation. That is the reality. On paper, you may simply find yourself responding to a different manager or the same manager with a different title. At any rate, from "Day One", July 1st, everyone fits into a place in the new structure as the existing State Managers formally hand over to the Divisions.

"Day Two" will see the necessary switching of some employees as the initial rationalisation takes place within the new Divisional structure.

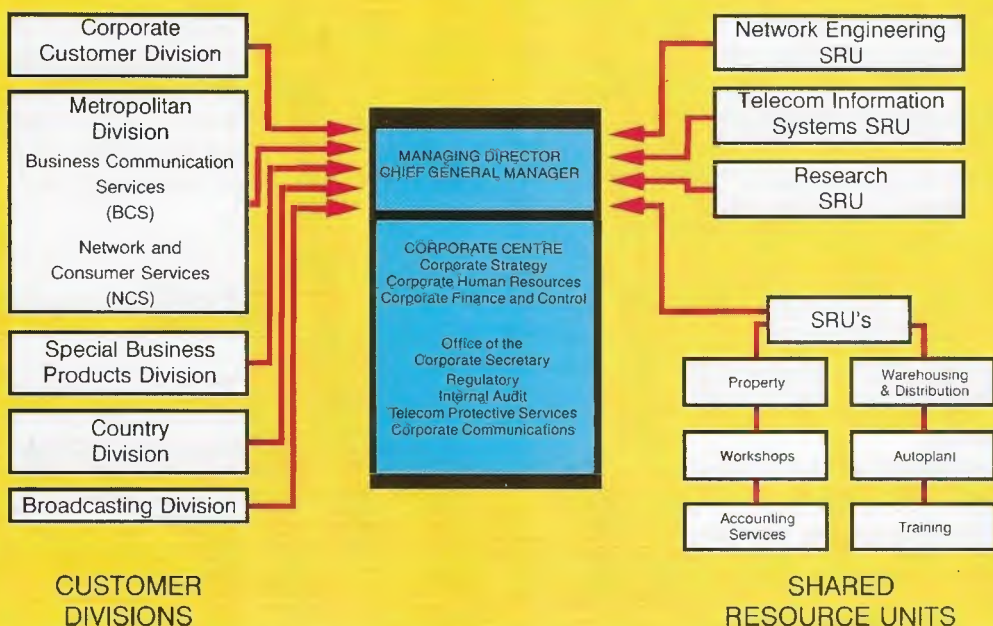
"Day N" is the name given to the moment when every building block of the new Telecom is finally in place.

In some cases, relocation from one department to another will require re-training, and this will be offered under existing conditions of employment. Any cases of necessary geographical relocation will also be treated according to existing employment conditions.

# View from the Top.

In the following pages there are interviews with Telecom's Managing Director Mel Ward, and with senior executives including those who will run the new Divisions, and others who will report to Mr Ward. There are interviews also with those heads of Shared Resource Units who report direct to the Managing Director – Research, Telecom Information Systems, and Telecom Network Engineering. There are explanations of how the system will work, and how the changes are likely to affect you.

## THE NEW TELECOM - AN OVERVIEW







# A Message from the Managing Director

*Telecom's Managing Director, Mel Ward.*

In an interview given for this special edition of "Telecom News", Telecom's Managing Director Mel Ward made the following points:

"Change is all around us: the environment in which Telecom conducts its business is changing at an ever-increasing pace, and in order to maintain our position we, too, must change.

"Competition is growing in the more profitable areas of our business - competition from multi-national corporations, from other telecommunications bodies, from large private networks. Customers are better-informed and more demanding, and the requirements of specific customer groups are at once more clear-cut and more complex. To a greater extent than ever before, telecommunications is the nerve centre of the country. To a greater extent than ever before, Telecom's success has to be rated according to the judgement of the market place.

"Our response to the challenge as outlined in these pages, is not to stand aside and try to adapt to the change process. Rather, we have decided to become part of the process itself.

"Our new structure is designed to bring about an improved two-way relationship with the customer. On the one hand, the new Divisions directly reflect the requirements of particular customer groups, and are designed to bring us much closer to them. And, on the other, the customer will have the entire range of his telecommunications requirements met by one clearly identifiable operating group within Telecom, rather than by several, as in the past. Our service will be faster and more cost-effective.

"Essential to the re-organisation is the principle of accountability, which must extend as far down the line as possible. Greater accountability will equate to better service and profitability - and a more effective and profitable Telecom means a more secure future for all of us. The transformation will take time to complete, and we can't pretend that all details are yet in place. But the guidelines are clear, and they are stated in this magazine. I commend it to your attention."





*Bob McKinnon, Chief General Manager.*

# Chief General Manager.

Asked to explain the difference between the last "re-organisation" of Telecom in 1975 (when it was transformed overnight from a Department of State to a Commission) and today's re-structuring, Bob McKinnon comments: "1975 represented a big shift in thinking and practice; one conspicuous result was the rapidly decreasing cost per service from 1975 onwards. But the telecommunications scene then was relatively simple, although it didn't seem so at the time. What we are about to take on now represents a quantum leap.

"What has happened is that galloping technology has led to enormous diversity of services, more opportunities and wider markets. Within that great diversity, there are clusters of special services required by specific customer groups, and it's the need to match services with requirements that has led to today's re-organisation.

"Our aim is to have our managers so close to our customers that they know their needs better than anyone else. The converse of this is that managers will be given greater freedom to act, made more accountable – and paid accordingly. This involves a transformation of our entire operating philosophy, and of course it will put heavy demands on personnel. But Telecom has always been exceptionally lucky in the quality and flexibility of staff (this is continually underlined by our competitors, who find us a fertile recruiting ground). I have no doubt that our people will again be equal to the challenges of this exciting time".

Using a crystal ball, and looking ten years ahead, Bob sees Telecom as a strong national carrier, with a great diversity of services, heavily reliant still on "a superb STD network, and strong switching and

transmission capabilities". From that firm base, Telecom will continue to be a formidable purveyor of Value Added Services, "A big battleship, surrounded by smaller, competitive craft plying their own businesses, providing additional features and facilities".

On the subject of competition generally, he points out that the cake will in any event be bigger: "Telecommunications is growing at the rate of 7% a year in real terms, and there aren't many modern industries of which that can be said".

Asked for a description of his role in future as Chief General Manager, he describes it as that of Chief Operating Officer, the operations counterpart to the role of the Managing Director as Chief Executive Officer. "The Managing Director", he says, "will be concentrating more on the impact of external events, developments and policies – political, commercial, international – on Telecom. The distinction is between the internal workings of our organisation and its global aspects, which are increasingly important – for instance, in the area of trade in services". In practice, he said, "it is difficult to operate as though this conceptual distinction marks out the respective roles and to a great extent the C.G.M. position operates as a Deputy Managing Director". In time it is expected that the title will change to this.

Bob joined Telecom in 1949, after taking an Engineering Degree at Adelaide University. He became a design specialist in telegraph, telex and data transmission, and moved into policy areas before becoming Chief Planning Engineer and then Chief Services Engineer. He became General Manager, Engineering in 1983, and was appointed Chief General Manager in 1986.



# ***What are the Four New Divisions and what will they do?***

## **THE CORPORATE CUSTOMER DIVISION.**

Responsible for meeting the specialised requirements of Telecom's top 250 customers. Those corporate customers are predominantly Australia's largest business organisations.

## **THE SPECIAL BUSINESS PRODUCTS DIVISION.**

In competition with the growing number of Telecom's competitors, this Division handles special business products and services – principally Value Added Services (VAS), Mobile Telecommunications Services (MTS) and Directories.

## **THE METROPOLITAN DIVISION.**

Responsible for servicing both business and residential customers in the Metropolitan areas. Important sub-divisions are Network and Consumer Services, and Business Communications Services.

## **THE COUNTRY DIVISION.**

Meeting the needs of country customers, and providing installation and maintenance of service to corporate and business customers in the country on behalf of those Divisions.



# The Four Divisions.

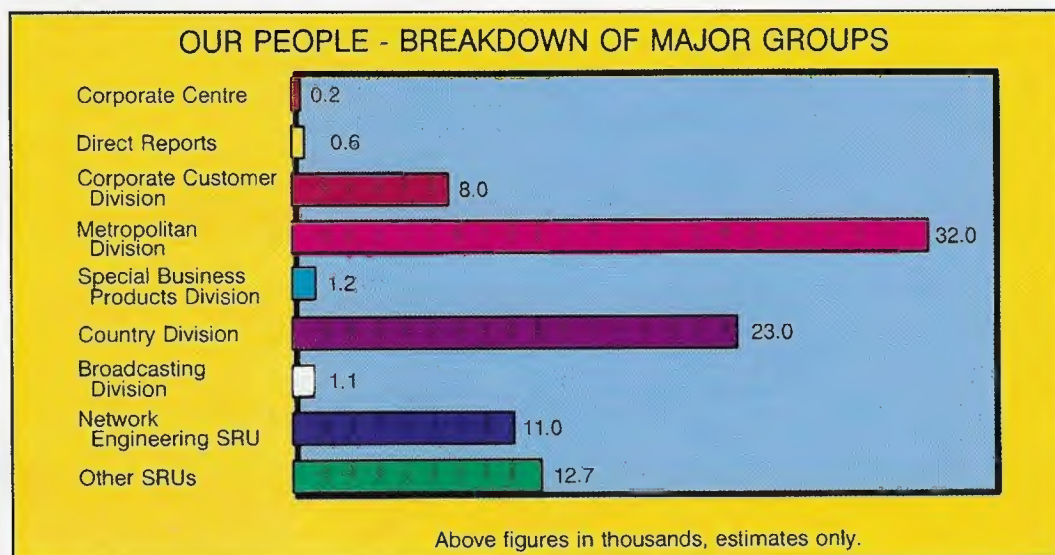
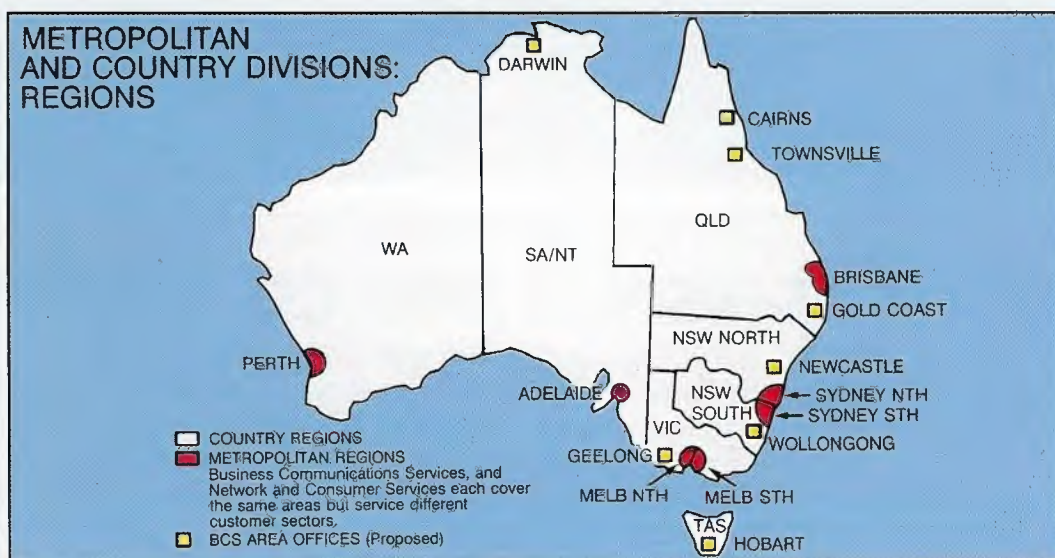
## How they will operate.

Existing resources will be allocated to the new Divisions depending on the numbers and nature of customers in the various parts of Australia. Each Division will have a number of Regional Managers, but regional offices as such will be set up only where they are justified by the volume of business.

The following diagram shows, for example, how Australia is divided up from the point of view of the Metropolitan and Country Consumer Divisions. You will see that operationally there are seven "regions" for each Division. Because of the number of customers in Melbourne and Sydney, there are two Metropolitan Regions in each of these capital cities; the other Metro

Regions are in Brisbane, Adelaide (which also serves the Northern Territory) and Perth. Each State has a Country Region, with the exception of New South Wales, which has two Regions.

The Special Business Products Division regional boundaries correspond to the Metropolitan Division regional boundaries. The Corporate Customer Division does not have geographical boundaries as such, but most of its clients in practice have their head offices in the Central Business Districts (CBDs) of the main capital cities, with extensive regional and branch offices throughout Australia.



So much for the geographical allocation of resources. What about the transfer of staff from States to Divisions?

Here is how the total staff will be allocated under the re-organised structure.



# The Shared Resource Units.

The Shared Resource Units have been established to ensure efficient provision of specialist services across the board to the rest of the organisation. Six of these – Property, Warehousing and Distribution, Autoplant, Workshops, Training, and Accounting Services – report to an Executive General Manager. Three – Telecom Network Engineering, Research, and Telecom Information Services – report direct to the Managing Director.

Network Engineering can be taken as an example of the ways in which the SRUs and the Divisions interlink. The primary functions of the Network Engineering will be

- ☐ To plan, design and construct the network
- ☐ To undertake network product development
- ☐ To provide high level support

Network Engineering will be accountable for the development of network facilities and capacity for the Customer Divisions. Agreed contracts will cover quantity, quality, prices and time frames.



OLD TELECOM



NEW TELECOM



# Change sweeps through HQ as well.

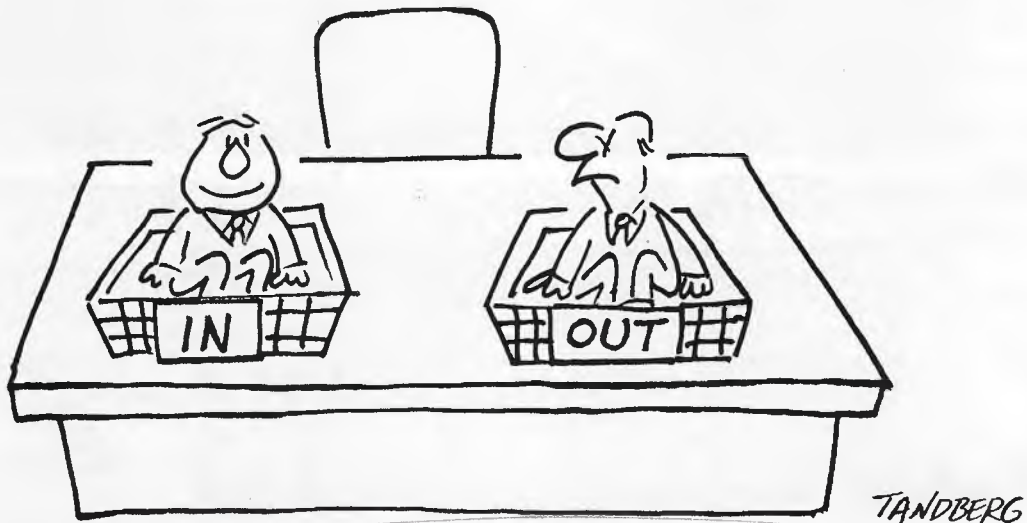
Telecom's Headquarters staff structure has not been exempt from the drive towards rationalisation, greater efficiency and accountability.

Previously, H.Q. staff totalled some 4,000. Their costs were considered as "unallocated overheads"; that is, their services were provided without direct allocation of costs to the user.

The new Corporate Centre is a much smaller group. Reporting to the Managing Director, the Corporate Centre staff are in three main areas: Corporate Finance and Control, Corporate Human Resources, and Corporate Strategy, plus six other 'direct report' groups. This totals some 800 people. (There are brief interviews with the heads of these groups on pages 11 to 15.)

The rest of the staff have now been allocated, for example, to the new Shared Resource Units, or the operating Divisions. Services to the Division will be charged for on an agreed basis, leading to greater control and efficiency.

It's worth re-emphasising that the principle of accountability and "user pays" is valid throughout the entire organisation.



A number of key functions, reporting to the Managing Director form what is known as the Corporate Centre. The heads of these directorates were interviewed for Telecom News.



# Corporate Strategy.

(Executive Director:  
Roger Banks.)



A key function at the Corporate Centre, alongside Corporate Human Resources and Corporate Finance and Control, is that of Corporate Strategy. Executive Director Roger Banks, a veteran of 40 years' service with Telecom, provides a clear statement of his mission: "To assess the threats and opportunities confronting Telecom, and to map out the course the organisation has to take, in a rapidly changing trading environment, if it is not only to meet its charter obligations, but prosper, and consolidate its position as Australia's main telecommunications and information enterprise".

A major part of the job is to respond to changes imposed from outside, and in fact responses have to be drawn up immediately to the new pattern for telecommunications in Australia which the Government has set out in the May Economic Statement. Roger says one outcome will be greater freedom for Telecom to manage the organisation within guidelines laid down by Government "Conversely, we shall be held more closely to account for the efficiency and the output of our service".

"Another major challenge lies in the fact that we are part of a world-wide industry which is subject to continual and radical change. We have to develop telecommunications in Australia so that we can hold our own in the global market. As a pre-requisite, we have to agree with our owners (the Government) and the public at large on the scope and nature of the commitment. From that basis of understanding we can go on to provide an infrastructure which is fundamental to the development of industry, commerce - and society itself. Our major customers in Australia - in steel, oil, gas, travel, and so on - are facing the need to establish a global presence. If we can't provide the necessary help in that enterprise, then they will go elsewhere".

Roger, who joined the Postmaster General's Department in 1948, has been deeply involved in many of the issues and events which have formed telecommunications as it is in Australia today. He played a crucial part in the selection of the crossbar switching system (1958/59); supervised the planning and implementation of STD; developed the Area Mail Centre concept; and (after a brief spell as Director, Business Planning for Plessey in the UK) became Telecom's General Manager, Customer Services, inspiring a "cultural shift" towards a marketing outlook. He became Director, Business Development, and finally, Director, Corporate Development.

This background made him the ideal choice as the man to spearhead Telecom's contribution to a succession of important inquiries - for example, into the introduction of Aussat (of which he is a Director) and into cable television. He headed Telecom's task force at the time of the Davidson enquiry into the liberalisation of the industry, and is now deeply involved in an on-going analysis of the implications for Telecom of the Government Business Enterprise policies, and the Ministerial Review of Telecom's operations.



# Corporate Human Resources.

(Executive Director:  
Barry O'Sullivan.)



For many months, Barry O'Sullivan has been at the heart of the Change Process, supervising, counselling, bringing together the many strands of expertise necessary to achieve what is the most far-reaching structural re-organisation in Telecom's history.

He acknowledges Telecom's debt to the trade union representatives involved in discussions: "Because of their attitude, we were able to arrive at the final shape of Telecom's new structure sooner rather than later. They showed real understanding of the need to introduce changes quickly, and in a logical order, in order to help the organisation prepare itself for intensifying competition. There are still some important issues to be resolved, and I'm confident that the spirit of co-operation will extend into future discussions".

He acknowledges, too, the crucial part played by managers and staff throughout Australia: "They contributed ideas and time, often at great personal inconvenience. Without them, we would never have been able to arrive at such a speedy and satisfactory resolution to the Change Process. I look forward to working with them in the new Telecom".

What are the principal strengths of the new structure? According to Barry, they are the greater accountability of managers, which is bound to lead to better performance and greater profitability; a high degree of decentralisation, bringing staff closer to customers, and ensuring better service; and a stronger link between the rewards given to managers – acting in a risk-taking capacity – and the bottom-line performance of their organisation.

And what of his own role as the revised structure takes final shape? In his position as Executive Director, Corporate Human Resources, he will be concerned with the guidelines establishing performance-based pay for top managers; with the policies and practices aimed at ensuring executive succession, and creating a framework within which managers will be able to contribute to future policy; and with ensuring a pool of expertise readily available to cover unexpected vacancies, or any further structural change due to shifts in the industry, increased competition or progressive deregulation.

Having joined the Postmaster General's Department in 1957 as a Technician, Barry moved to Headquarters in 1968 as a Traffic Officer. From 1970 to 1975 he worked with the Public Service Board (Arbitration Division) helping to set salaries and establish organisational structures for technical areas within the Commonwealth Service. He was in charge of Pay and Conditions for Telecom before becoming General Manager, Industrial Relations, and then General Manager, Personnel.



# Corporate Finance and Control.

(Executive Director:  
Garry Cameron.)



While the essence of the new Divisional structure is more managerial freedom, responsibility and accountability, there has to be a corporate "watch-dog" monitoring the relative performance of the Divisions, and recommending on the allocation of scarce financial and other resources. That watch-dog is Corporate Finance and Control, headed by Executive Director Garry Cameron.

The Department, with a staff of about 70, also embraces the more traditional corporate finance activities, for example the provision of overall advice to the Managing Director on financial affairs, the Treasury function, and the ensuring of common finance reporting procedures. Garry and his staff negotiate and manage relations with outside bodies like the Prices Surveillance Authority and the Taxation Department, steer the organisation's borrowing requirements through the necessary official channels, and ensure that the implementation of any new imposts (like the Fringe Benefit Tax or Customs Duty) causes as little dislocation as possible. This latter responsibility will become more and more demanding as Telecom comes to be treated increasingly as a business organisation.

Part of Garry's brief is to use the overview he has of Telecom's financial affairs to spot possible economies and rationalisations: for example, as he says, if products are being sold by different Divisions to the same market segment, it may be possible to identify cheaper delivery systems. Similarly, it may be possible to use the experience of overseas telecommunications organisations for the benefit of Telecom's own financial planning.

After spending ten years working for other governmental bodies, Garry joined Telecom in 1978 as a Senior Finance Officer in the Finance Directory. He became Head of the Financial Analysis Group, which expanded to cover business analysis, off-shore financing, leasing and financial packaging generally. In the role of Treasurer, which he carried on for more than three years, he was responsible for a number of specialist functions like the auditing relationship and the co-ordination of portfolio investments.

He has a number of academic qualifications: a Bachelor's Degree in Business Accounting from RMIT, a Graduate Diploma in Finance from the Caulfield Institute of Technology, and a Master's Degree in Economics from LaTrobe University.

In addition to the Corporate Centre functions, there are a number of "Direct Report" functions which also report to the Managing Director.



# The Regulatory Directorate.



*Jim Holmes,  
Director.*

The Regulatory Directorate (Director, Jim Holmes) is concerned to administer government regulatory policies as they apply to Telecom, and regulatory approvals as they apply to equipment and apparatus to be connected to Telecom networks.

The Directorate provides objective, arms-length advice to Telecom on important aspects of the environment in which it does business – including competition, monopoly, and fair trading.

At the present time, staff consists of 30 at headquarters level, and about 80 who previously worked within the State structure. The final shape and size of the Directorate will be influenced by the current Government review of the telecommunications regulatory function.

# Internal Audit.



*Warwick Gilbert,  
Manager.*

The Internal Audit Branch, headed by Manager Internal Audit, Warwick Gilbert, has the task of providing a continuous and independent evaluation of Telecom's operating controls and control systems. It ensures that Telecom adheres consistently to approved and defined accounting principles, and that its assets and resources are employed to maximum effect. There is a strong link back to Corporate Finance and Control.

The Branch has a total staff of over 100, some of whom are located in the capital cities, and some of whom were previously employed within the State structure. Solicitors, statisticians and qualified accountants are among the professionals employed. An Audit Committee, chaired by the Managing Director, regularly reviews the work of the Internal Audit Branch.

# Telecom Protective Services.



*Peter Lester,  
Director.*

Telecom Protective Services (Director Peter Lester) implements Telecom's security and investigation policies, aimed at protecting the organisation's assets and revenues, its key information and its people. On a national level, it manages security clearance and personnel programmes, runs training programmes, evaluates security systems, equipment and techniques, and maintains continuous liaison with security, intelligence and law enforcement organisations. The prevention of crime which could be damaging to Telecom is a high priority, as is the protection of customers against harassment or the abuse of privacy.

The Directorate is also responsible for running the Staff Suggestions Scheme, and Peter Lester is Chairman of Telecom Staff Suggestions Board.

Directorate staff, including those who functioned previously at State level, total around 260.



# Corporate Communications Directorate.



*Peter Thomas,  
Director.*

The Corporate Communications Directorate (Director Peter Thomas) is a nationally managed unit with staff representation in each of the capital cities. It is responsible for the following activities:

- ☐ Corporate and product advertising.
- ☐ Public relations
- ☐ Internal and external communications

The Directorate has the task of providing consistent and accurate information to Telecom's various "publics" (i.e. to staff and externally) about the organisation's policies, plans and products, and of planning and monitoring corporate and product advertising. Working for the organisation as a whole, it also provides a full specialist consultancy service to the Divisions and SBUs as required, using the "Account Manager" system when this is appropriate. Total staff, in excess of 100, include those who previously carried out the public relations activity at State level.

# Corporate Secretariat.



*Stan Moon,  
Corporate  
Secretary.*

The Corporate Secretary (Stan Moon) acts as the focal point for the handling of Ministerial briefings and correspondence, Parliamentary questions and matters pertaining to legislation. Reporting to him are the Manager, External Relations, the Solicitor, the Manager, Freedom of Information, and the Manager, Board Support. He and his staff ensure the availability of high quality legal advice to Telecom, and co-ordinate the carrying out of Telecom's international responsibilities.

The Corporate Secretariat also has responsibility for the administration of Freedom of Information and Commonwealth Ombudsman matters, and for the production of the Annual Report. There is a total staff of 33.

# Broadcasting Division.



*Leon Sebire,  
Director.*

The Broadcasting Division (Director Leon Sebire) operates as a virtually autonomous Department of Telecom Australia. It is funded at Federal level through the Department of Communications, but works within the framework of Telecom, and reports direct to Telecom's Managing Director.

Its primary responsibility is the provision, operation and maintenance of transmission facilities for publicly funded broadcast services, but it is also empowered to offer its services in the commercial area. There is a total staff of about 1,000, mainly engineers, technicians and administration personnel. The Division has representative offices in all the capital cities.



# The Heads of the New Divisions.

The heads of the four operating divisions and the Executive General Manager responsible for Shared Resource Units gave special interviews for "Telecom News".

## Corporate Customer Division. (Executive General Manager: Ray Liggett.)



The Corporate Customer Division was established in October 1987, well in advance of the current major re-organisation. As Executive General Manager Ray Liggett says wryly: "This was done as a test case, to see what mines we would walk into. It also recognised the clear need to provide a very special type of service to Telecom's largest customers – the 200 to 300 organisations which may spend up to \$2 million each per annum.

"Our main problem so far has been to develop relevant systems: existing systems were geared to products rather than to customers and customer groups. Another problem has been that of communications – simply telling people what is going on. Customers were confused at first, but that situation has settled down, and I'm confident that they now have a perception of value for money, and of a better quality of service.

"There is no easy road to substantial profit-making for the Corporate Customer Division, because major customers almost by definition are highly sophisticated in the use of telecommunications – they know how to shop around in a strongly competitive environment. What we must do, in order to pin them down to long-term contracts, is to persuade them of the potential benefit to their business of latching on to Telecom's spending on research and technological development, across the widest possible product and service range. Happily, there is widespread recognition of Telecom's achievements in this area."

Ray is convinced of the need for close collaboration between the new Divisions, and in fact considers this one of their biggest challenges. "There will and should be competition between them", he says, "but by pulling together we can ensure that the whole is greater than the sum of its parts. Think of the VAS group in the Special Business Products Division: some of their largest sales are to our top corporate customers."

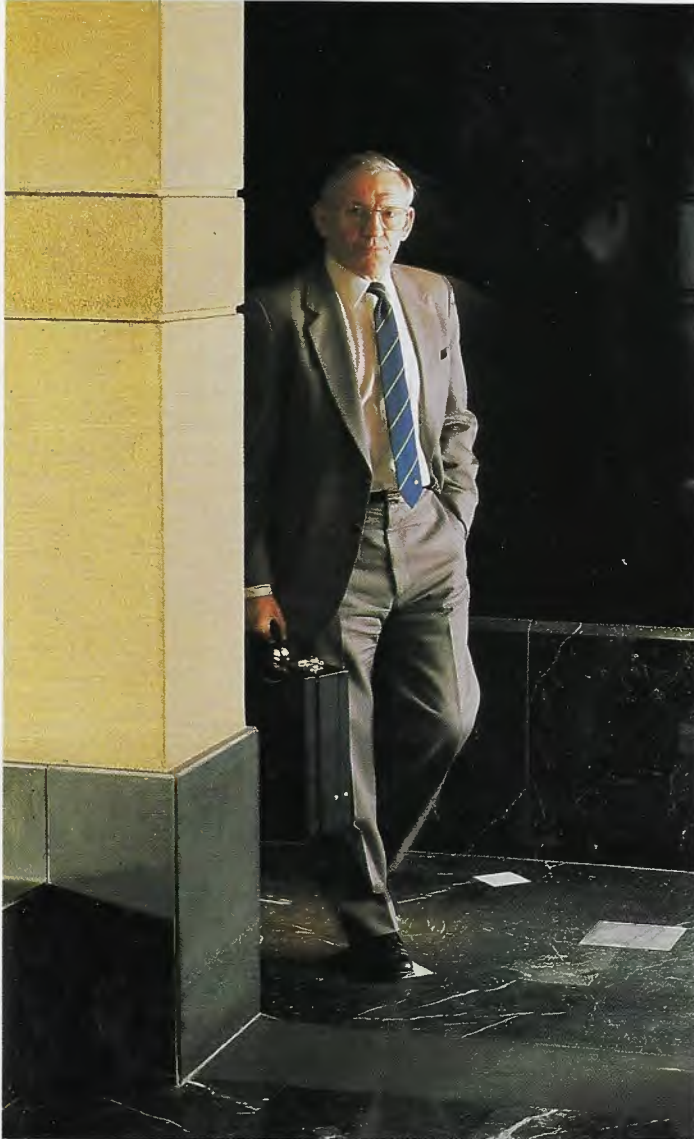
Ray's staff are based in the capital cities, and in Canberra. The existing Account Manager structure has been strengthened, and it will be supervised by a National Business Manager, and supported by a group of Service Managers. While Ray is resigned to the continued "poaching" of highly skilled staff by competitors, he is confident that the sheer breadth and scope of Telecom's operations will continue to attract people of high calibre – for example, engineers able to grapple with the increasing convergence of telecommunications and computer technology, as "intelligence" is progressively added to the network.

His own career path promises much about the opportunities offered by the new Telecom. In the course of eleven years, he rose to the position of Director of Finance, having joined in 1973 as a Computer Programmer in Training. On the way, he was involved in Operations Research, Manpower Planning, and Financial Planning. A Mathematics Graduate from the University of NSW, he later did an MBA Degree at RMIT, and also attended the Advanced Management Course at Harvard.



# Metropolitan Division.

(Senior Executive General Manager: George Hams.)



George Hams, who joined Telecom 41 years ago as a Cadet Engineer, has just amended his crowning ambition: he was to have celebrated his 60th birthday by doing "the best job of which I am capable" as State Manager, Victoria. But when July comes along, he will be grappling with an even bigger job, and a different set of responsibilities. As Senior Executive General Manager, Metropolitan, he will be running the largest of the new Divisions (with more than 30,000 staff) and the biggest revenue earner.

In the high-population metro areas he will control two critically important sub-divisions: Business Communication Services, and Network and Consumer Services. Each of these sub-divisions, headed by a General Manager, will have extensive support staff. In addition, he will be responsible for pay telephones and Operator Assisted Services.

He sees it as his biggest challenge in the early stages to create a trouble-free transition from a State-based to a customer-based organisation. "The customers", he says, "shouldn't know anything is happening until they see an improvement in services."

Services to business customers in particular, he considers, will have to be provided in an increasingly competitive environment. "But some 30% of our products are being delivered competitively at the present time, so staff are not unprepared. However, the re-organisation gives us a chance to structure ourselves even more precisely to meet the needs of the different customer groups, and of course to rationalise overheads."

The relationship between the Metropolitan and the Corporate Customer Division highlights the flexibility in the new structure. In cases where it would not be cost-effective for the Corporate Customer Division to service part of a major customer's account (for example, in the case of small branches of a clearing bank) the necessary support will be provided by either Business Communication Services or Consumer Services. Conversely, the existing arrangement whereby the Corporate Customer Division handles all business accounts in Sydney's Central Business District will not be disturbed.

George is confident that Pay Telephones, a high-profile service which comes in traditionally for heavy criticism, will achieve better results if it is run by a management team full-time as a business in its own right. At the same time, he feels that the process of setting up all the services in his Division as autonomous units will be simplified because they have previously been run under the same broad management umbrella: the umbilical cord will be cut, but a thread of continuity will remain.

His previous positions with Telecom include those of State Staff Engineer, Victoria, Chief Manager Operations, Victoria, and General Manager Operations at Headquarters. For three years, he served as Telecommunications Engineer for the World Bank, and he acted as leader of the Australia Telecommunications Mission (Colombo Plan) to Indonesia.



# Special Business Products Division.

(Senior General Manager: Ian Campbell.)



Ian Campbell talks the commercial language easily and straightforwardly. The Division he is running, he says, with only 2% of Telecom's staff, will account immediately for 6% of revenue, and a considerably larger share of profit. Five years from now, he expects to see the Division account for 12% of Telecom's revenue, while taking up only 3% of capital.

Part of the impetus behind this growth projection comes from the grouping in his Division of three business units – Value Added Services (VAS), Mobile Telecommunications Services (MTS), and Directories. Each of the three, Ian says, has an established track record of operating along business lines, with fully developed strategy, marketing and operations functions. Each has a clearly defined market segment and a distinct area of technology.

In the nature of things, the products concerned have a very high potential growth rate (cellular mobile telephone sales, for example, have been growing at the rate of 40% per annum). The other side of the coin is that competition is fierce: the units are already operating in a largely deregulated market, and the process of deregulation is likely to be complete in a few years. "But if we do our job properly, and take advantage of the freedom allowed us by the new structure to move fast", says Ian, "we'll achieve a substantial market share in the face of everything that competition can throw at us. Starting from quite a small base, we can move towards creating a larger Division, providing a comprehensive service to business customers generally – other than the top 250, whose needs will be mostly taken care of by the Corporate Customer Division."

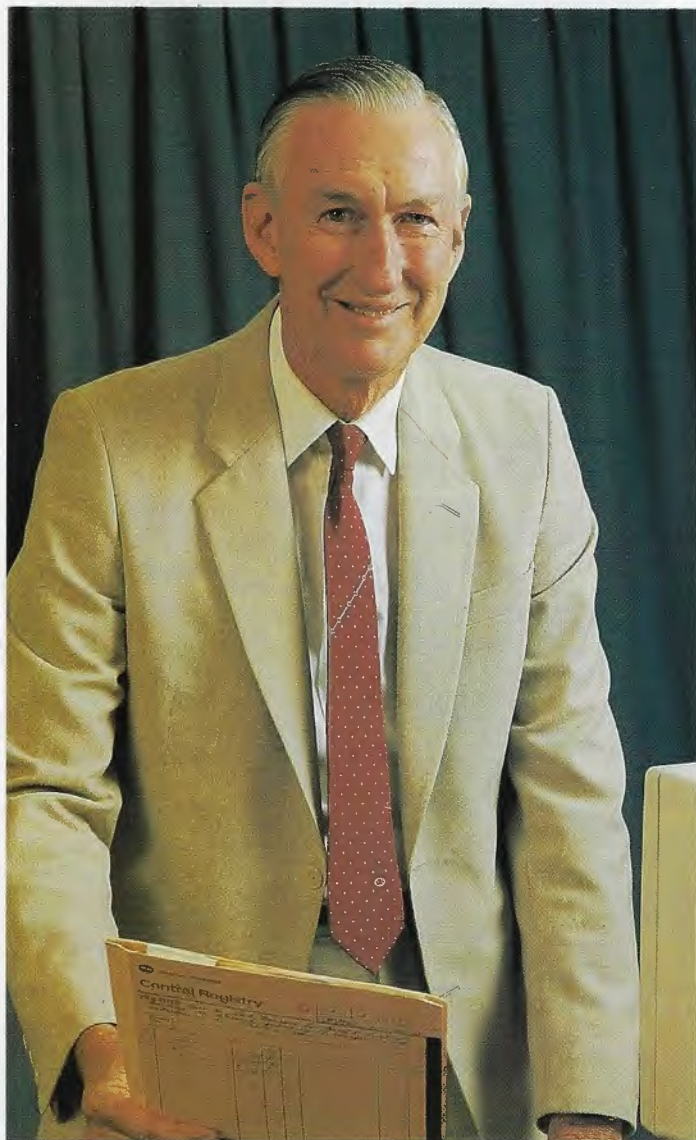
Ian's zest for the current thrust of the commercial world derives from his training with ICI, first as a Systems Analyst and Sales Manager in Australia, then as the London-based Commercial Manager, International Explosives. Most of his eleven years with Telecom have been spent in helping to steer the organisation away from the traditional civil service attitudes towards a more business-orientated culture.

He was instrumental in building up a national sales force, pioneering the account management approach to major customers, setting up Business Sales and Sales Training Centres and then, latterly, helping to shape Vision 2000. Having been National Sales Manager, he became, three years ago, General Manager, Commercial Services. His biggest achievement so far, he thinks, is that he has helped create a different kind of corporate awareness – the awareness that success in the market place can come in the last analysis only through accepting the needs of the customer as paramount.



# Country Division.

(Executive General Manager: Neil Watson.)



There is one question which is likely to be put quite often to Neil Watson in the course of the next few months: Does it really make sense running a major Division (with a staff total of 23,000) in the new Telecom from a Queensland base?

Neil is quite clear about the answer: "The fact that I'll be running the Country Division from Brisbane will heighten our credibility in the eyes of the customers. If the Division were to be run out of Melbourne, it would not be so obvious that we were trying to meet their needs.

"Yes, the job will entail a great deal of travel, but that would be necessary wherever the base, once it's accepted that the responsibility is a national one. I hope to tackle the problem of distance at least partly through greater use of the most up-to-date methods of communication – that may mean installing facilities at home as well as in the office.

"All the same, a direct top-level presence is expected in the country areas, and I'm relying on help in this direction from the Managing Director's Representatives in States other than Queensland".

Neil sees it as a priority to try to reduce the cost of customer access to the network in the more remote areas, and to extend the range of services available. "This could involve the development of new products which recognise the special requirements of the country customer – products like the now well-established Digital Radio Concentrator System. There is room to cut costs through higher productivity, but of course the cost of network access to the individual customer should come down in any case as our penetration increases. What we can never afford to forget is that telecommunications in the remote areas tends to be a safety net. Social obligations – the fulfilment of Telecom's charter – have to be taken into account equally with business considerations, for example, in the decision whether to set up a new exchange in a remote spot".

Neil has been with Telecom and its predecessor, the Postmaster General's Department, since 1951, when he joined as an Engineer, after qualifying from the University of Queensland. He filled several country and metropolitan positions in operations, construction and planning before being appointed Superintending Engineer, Planning and Programming, for Queensland. He then became Chief Operations Manager, and Chief State Engineer, before his appointment in 1986 as State Manager, Queensland. In 1964, 13 years after leaving University, he obtained a second degree – a Masters Degree in Engineering – on the strength of a thesis on Transmission.



# No one Disadvantaged.

The re-organisation is based on the concept of a more comprehensive and more efficient service to the customer. How does this work out in the case of a territory which has no Metropolitan or Special Business Products Division Region? To take the extreme case: Tasmania has only one "Region", a Country Region. Will Metropolitan and Special Business Products Customers in Hobart and elsewhere not be disadvantaged?

The short answer is No. The Metro Division, for example, will have an Area Office in Hobart, reporting to a Victorian Region. More important, it will have full and direct access to all the know-how and facilities offered by the Metro Division itself. The potential benefit to clients is enormous. And through this direct link to the mainstream, Metro Division Staff in Hobart will have greater scope for career diversity and advancement.

Non-business customers in Hobart will be serviced by the Country Division's Tasmanian Region.

What happens to the Districts and the District Managers? The answer to this follows directly from the logic of the four operating Divisions, and their staffing. Clearly, the Regional Managers concerned will need to assess the number and composition of Districts. In some cases, the result could be the combining of several Districts into one, and the transfer of some DTMs to other parts of the organisation. This in effect continues the rationalisation of Districts which has been going on at State level for some time.

For the present, the existing Districts will fall into one or other of the new Metropolitan or Country Regions.

Here are the Districts which will fall within the scope of the Metropolitan Division.

SYDNEY NORTH	SYDNEY SOUTH	MELBOURNE SOUTH	MELBOURNE NORTH	BRISBANE	PERTH	ADELAIDE
Penrith	Campbelltown	Croydon	Melb City	Bris Central	Perth Central	Adel Central
Epping	Bankstown	Dandenong	Box Hill	Bris Nth	Perth North	Adel North
Parramatta	Newtown	Camberwell	Coburg	Bris Sth	Perth South	Adel South
St Leonards	Sutherland	Clayton	Footscray	Gold Coast		
Chatswood	Burwood	Frankston	Ivanhoe	Ipswich		
	Redfern	Moorabbin		Nambour		
	Sydney City					

And here are the Districts which will be run by the Country Division.

NSW NORTH	NSW SOUTH	VICTORIA	TASMANIA	QUEENSLAND	SA & NT	WESTERN AUSTRALIA
Armidale	Bathurst	Sale	Burnie	Cairns	Kadina	West Australia Country
Central Coast	Goulburn	Bendigo	Hobart	Mackay	Eyre	
Grafton	Narrandera	Hamilton	Launceston	Maryborough	Murray Bridge	
Kempsey	Wagga Wagga	Warragul		Rockhampton	Northern Territory	
Maitland	Wollongong	Ballaarat		Roma	South East	
Tamworth	Canberra	(Ballarat-Ararat)		Toowoomba		
Newcastle	Dubbo	Mildura		Townsville		
Lismore		Nth Eastern				
		(Benalla & Shepparton)				
		Geelong				



# **Specialist SRU Heads.**

The heads of the three highly specialised SRU's who report directly to the Managing Director were also interviewed for this special edition of "Telecom News".

## **Telecom Network Engineering SRU.** (Executive General Manager: Neil Crane.)



"The network is Telecom's critical resource. If it is not right, everything goes under". A sober statement from one not given to exaggeration. Neil Crane, Executive General Manager, Telecom Network Engineering, defines his future task as that of "planning, designing and building the network, which is the infrastructure for the major services offered by Telecom".

What was the Network Engineering Department has become a Shared Resource Unit, and in the process, says Neil, "We have been left with the true Network Engineering activity. While a lot of the previous functions, such as Workshops and Training\*, have been removed, we're now operating nationally, with a net expansion in staff to about 10,000 - engineers, technical officers, and clerical and administrative people. We shall also manage our own human resources function and have our own finance control group.

"Although we shall be setting standards, procuring equipment and issuing policy guidelines, we shall not be working in a vacuum: for example, we shall be collaborating with marketing people in the appropriate Divisions to ensure that what we develop is made meaningful to the user and reflects the user's real needs. We need greater flexibility in how we provide and enhance our offerings, so that they fall truly under the customer's control".

The Telecom Engineering Network SRU will function through nine Regions and two General Managers (for Metro and Country operations). The fruits of network designing are likely to be passed on at cost (including all overheads) to one of the customer Divisions which will then re-allocate the costs to other user Divisions - under a "transfer price" arrangement. Two typical major network developments which will be occupying a good deal of Neil's time in the near future are the Integrated Services Digital Network (ISDN), and Intelligent Network Services (an advanced application of computer techniques in telecommunications).

Neil has a BSc. degree from Adelaide University. Early in his career with Telecom he had experience in the provision of telegraph and facsimile service, and in the procurement, construction and maintenance of Telex switching design equipment. In 1981 he became Manager of Telecom's Data Division, and three years later he was appointed Chief Development Engineer.

His appointment as General Manager, Network Engineering Department, came in 1986. From 1972 until 1980 he was a Vice-Chairman of CCITT VII, the body responsible for the setting of standards in public data networks.

He has travelled widely abroad on behalf of Telecom.

\*Those are now specialist SRU functions, also established nationally as across-the-board services.



# Telecom Information Systems.

(Executive General  
Manager: Ron Smith.)



Telecom Information Systems (TIS) has been in operation for some time as a Shared Resource Unit – not surprising, since its role is to ensure that Telecom itself benefits from the best in computer technology.

As Executive General Manager Ron Smith puts it: “All the 20,000 people within Telecom who work with a terminal connected to the computer network are our clients. Our job is to offer them all – engineers, clerical staff, managers, Division heads – the opportunity to be more efficient through the use of the computer and telecommunications equipment and systems which are best suited to their purpose. In that way, they can achieve a competitive edge”.

Ron joined Telecom in 1963 as a programmer-in-training, having graduated in electronics and physics from Melbourne University. After a spell as EDP Manager, he became, in 1980, General Manager of the Information Systems Department.

He considers that the newly re-inforced principle of accountability has changed his relationship with his clients: “It’s the line manager who will have to make the final decision on what is best for him or her. Our role will be the advisory one, but of course we will be doing everything possible to make sure that they get maximum benefit from the systems they choose”.

For Ron change is literally a way of life: “Micro-electronics is continually transforming the business we’re in – the business of telecommunications and computer systems. My department – and Telecom itself – must expect to thrive on change and challenge”.



# Research SRU.

(Executive General Manager:  
Harry Wragge.)

Harry Wragge has an international reputation built up over the years he spent as Head of Telecom Research Laboratories. He and his staff - of nearly 500 professional, technical and administrative people at Clayton, Victoria - have placed Telecom in a position of world leader and patent holder in many areas of modern communications, including optical fibre, new materials for semi-conductor applications, and digital radio concentrator systems.

He is prominent in the setting of international communications standards, and he chaired the Geneva-based group which produced signalling and switching standards for the new, revolutionary network ISDN.

Harry's career with Telecom spans nearly 40 years. After obtaining a Master's Degree in Engineering Science, he became Assistant Director, Corporate Strategy, before being appointed Director of Telecom Research Laboratories in 1985.

He foresees that Research and Development will become more and more critical to telecommunications. In particular, he looks ahead to "More versatile networks, with better customer access, wide band signals, greater use of radio for truly personal communication, and systems which are voice rather than keyboard-activated".





# Shared Resource Units.

(Executive General Manager: Pat Minihan.)



The operations of the new Telecom will be underpinned by nine Shared Resource Units (SRUs), and six of them will be controlled by one Executive General Manager, Pat Minihan. What else do Property, Warehousing and Distribution, Autoplant, Workshops, Training, and Accounting Services have in common?

According to Pat Minihan, they are services being provided across the board within the organisation, and the aim in each case is to give the right quality of service, at a fully competitive price. Moreover, each sets a definite challenge. Telecom's property, for example, is worth billions of dollars, and by most yardsticks it would constitute a major business in its own right. High standards of training, maintained at national level, are essential in an increasingly high-technology environment. And to Accounting Services falls the task of establishing the bases for accountability, a principle which is fundamental in Telecom's new structure.

Fundamental too, according to Pat, is to utilise to maximum common advantage the special strengths which currently exist – for instance, the expertise in Queensland in the area of printed circuit boards. "The new structure", he says, "must enhance those strengths, and demonstrate to staff the value of what they're doing. Where it could be to Telecom's overall benefit, we shall not hesitate to market our special skills outside the organisation".

After the appointment of the Unit heads, the programme of establishing a "cultural identity" for the six SRUs will start within 30 days. During this period (and in fact for the next eight months) Pat will not be directly running his own Division: he will be completing the special task of supervising the operation of the Management Information Strategy Unit, set up during the Change process to ensure the more effective interworking of systems used by Telecom. In the interim, his place will be taken by Dennis Robinson, well known as State Manager, Tasmania.

Pat has spent 31 years with Telecom and its predecessor Department, starting off as a junior messenger. He devoted 15 years to part-time study, and after qualifying as Bachelor of Business, he moved rapidly through various senior accounting positions. He eventually became Chief Manager, Administration, in Victoria, and then General Manager, Accounting and Supply, at Headquarters. A good background if you have to be all things to all men – and if you have to make people appreciate the actual cost of the services they are receiving.



# Further Down the Line.

How does reorganisation look through the other end of the telescope? Take, for example, the Metropolitan Division. This Division services both business and residential customers in the Metropolitan areas, and it includes the following sub-divisions and business units:

- ☐ Business Communication Services
- ☐ Pay Telephones
- ☐ Operator Assisted Services
- ☐ Network and Consumer Services

To unravel the thread a little further: Business Communication Services is expected to have a total of about 7,000 employees, and to earn revenues of approximately \$2,200 million. It is built around seven profit-accountable Regions, roughly equal in size, and located in Perth, Adelaide, Brisbane, Sydney (2) and Melbourne (2). The chart on page 8 shows the BCS Regional Boundaries and proposed Offices.

Business Communication Services General Managers will have under their wings a number of departments: Product Management, Administration, Finance, Business Sales, Installation and Maintenance, Technical Support and Area Offices.

Taking the break-down to its final stage, and using Installation as an example: under this department fall

- ☐ Business System Detailing
- ☐ Installation
- ☐ Order taking/Order issue
- ☐ Stores
- ☐ Sales Administration

Pay Telephones (public and leased) provide a good example of the attention now being given to the improvement of customer service. Previously, the running of Pay Telephones involved several of Telecom's administration areas, and this was no doubt one of the factors contributing towards a poor public image of Pay Telephones. They are now the responsibility of one operating unit – within the Metropolitan Division, and this is expected to lead to greater efficiency and public acceptability.

The other Divisions will be organised along broadly similar lines, depending on the number and complexity of products and services offered, and the number and nature of customers. Naturally, the initial allocation of responsibility may change within particular Divisions, or from one Division to another, as all pieces of the new Telecom settle finally into place.



The material in this booklet sets out the broad structure of the new Telecom – obviously it may take many months for some of the finishing touches to be applied. Rome wasn't built in a day, and a national organisation employing some 90,000 people can't be turned around overnight. But the foundations are well and truly laid, the pillars are in place, and the broad building can now carry on – with your help, and the co-operation of everyone employed at Telecom.

# Further Information.

Further information on the continuing process of re-organisation will be supplied from time to time. Meanwhile, if you have any questions you are invited to contact your Supervisor or Manager, or to send a message to the Change Process Communications Task Force (KeyLink address: CPTASK.FORCE)

