Leadership and Innovation – the Catalyst of IT&C Industry. A Case Study of BlackBerry Company

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Abstract: IT&C companies need to adapt themselves to an environment featuring a high level of competition. Innovation stays as the main vector of the domain, while the renewal rate of new technologies grows in speed (there are cases where new technologies emerge and replace the older ones in months). With this series of research we aim to analyse several local or global companies within the IT&C field, as well as the importance of leadership for their development. This first article will focus on leadership within a company called Research In Motion – RIM (currently named BlackBerry) and on the main problems that have arisen within the company after the organisation was left without support from the leaders that created its worldwide brand.

Key words: information technology, productivity, leadership, management, operational improvements

JEL Classification: J24 - Human Capital; Skills; Occupational Choice

1. Introduction

IT&C is a very dynamic domain, where innovation processes play an extremely important role. Seen as the Father of Leadership, John Kotter (Kotter, 2009) stipulates that no organization involved in innovation may exist without leadership. The correlation between management and leadership is vital for organizations. As the main function of the management is to organize and

plan operational processes within organizations, for certain categories of companies the management process is enough for achieving planned results. For example, should we choose to pick a vertical line of activities within FMCG (Fast Moving Consumer Goods) – e.g. meat processing – we could see that things stayed unchanged there since the introduction of freeze generating technology. The management plays an overwhelming role inside such a range of domains, while the leadership stays as a less important feature.

Generally speaking, IT&C is completely different, as new technologies emerge with a speed that in best situations is measured by years and in worst by months. Under such circumstances, the innovation capability becomes of high value for IT&C organizations. One may see the management role as homeostatic (Kotter, 2009 – page 94), being mainly involved with keeping an organization within reasonable limits. When we talk of change and launching new technologies and products at high pace, leadership becomes the organizational development engine.

2. Literature review

Nearly 40 years ago, Stogdill (1974) noted "there are almost as many different definitions of leadership as there are persons who have attempted to define the concept" (p. 7). This should probably be expected of a popular topic with a long history of interest. Much of the diversity is driven by the theoretical underpinning / approach / lens the definer uses when crafting a new definition. Unfortunately, at times, this lack of definitional clarity has led to significant confusion by those interested in the topic.

While not intending to further muddy the waters, I have provided a sampling of leadership definitions collected over the years to provide the interested observer a brief glimpse at the variety. They include:

"Leadership is a function of knowing yourself, having a vision that is well communicated, building trust among colleagues, and taking effective action to realize your own leadership potential." Warren Bennis

"…leadership is a complex phenomenon that touches on many other important organizational, social and personal processes. It depends on a process of influence, whereby people are inspired to work towards group goals, not through coercion, but through personal motivation." (Bolden, 2004, p. 5)

"Leadership over human beings is exercised when persons with certain motives and purposes mobilize, in competition or conflict with others, institutional, political, psychological, and other resources so as to arouse, engage, and satisfy the motives of followers." (Burns, 1978, p. 18)

"Leadership is the lifting of a man's vision to higher sights, the raising of a man's performance to a higher standard, the building of a man's personality beyond its normal limitations." Peter Drucker

"The process of influencing people by providing purpose, direction, and motivation, while operating to accomplish the mission and improve the organization." (FM 6-22, 2006, p. Glossary-3)

"Leadership should be defined in terms of the ability to build and maintain a group that performs well relative to its competition." (Hogan & Kaiser, 2005, p. 172)

"Leadership is the art of mobilizing others to want to struggle for shared aspirations." (Kouzes & Posner, 1995, p. 30).

"Leadership is a process whereby an individual influences a group of individuals to achieve a common goal." (Northouse, 2010, p. 3)

"Leadership is an influence relationship among leaders and collaborators who intend real changes that reflect their mutual purposes." (Rost, 1997, p. 11)

"Leadership is defined as the initiation and maintenance of structure in expectation and interaction." (Stogdill, 1974, p.411).

"Leadership is a process of interaction between persons who are participating in goal oriented group activities." (Stodill & Shartle, 1948, p. 287)

"…(a) influencing individuals to contribute to group goals and (b) coordinating the pursuit of those goals." (Van Vugt, Hogan, & Kaiser, 2008, pp. 182-183)

"…a process of motivating people to work together collaboratively to accomplish great things." (Vroom & Jago, 2007, p. 18)

"Leadership is the process of influencing others to understand and agree about what needs to be done and how to do it, and the process of facilitating individual and collective efforts to accomplish shared objectives." (Yukl, 2010, p. 8)

"Leadership is viewed as a process that includes influencing the task objectives and strategies of a group or organization, influencing people in the organization to implement the strategies and achieve the objectives, influencing group maintenance and identification, and influencing the culture of the organization." (Yukl & Van Fleet, 1990, p. 149)

"Leadership inevitably requires using power to influence the thoughts and actions of other people." (Zaleznik, 1977, p. 67)

3. Leadership in IT&C industry

Considering how "young" IT&C industry is, most companies had leadership and vision as their core assets. Microsoft has been built around the "a computer for everyone" key concept, with Bill Gates as the unchallenged leader for almost three decades. Steve Jobs has been the development engine of Apple, both at the time of the company's foundation laying and after 1996, following the acquisition of NeXT Company and the reinstatement of Steve Jobs as Apple's CEO. IBM is another example of a company where several leaders and visionaries contributed to the constant development of the company and to radical shifts in strategy (e.g. when IBM decided to give up manufacturing personal computers and sold that division to Lenovo, a Chinese company). Google and Facebook are yet other examples where leadership and vision of their founders play a decisive role for the company's development with time.

Leaders and their capability of maintaining a high rate of innovation and development within their companies are extremely important. Within the information technology field, the technologic framework is dominated by change. The Internet completely changed the way all economic and social processes are performed, while social networks today change the Internet. A few years ago we could speak of unprecedented rates of growth for the PCs and laptops market, while today, with the global expansion of tablets and smartphones, that market withstands a steep decline.

As such, leadership plays a crucial role for organizational development. The key for success rests with the continuous emergence of new leaders that are able to take over the

vision related to the development of the company.

4. The importance of communication and alignment

Communicating the message and aligning people behind it are highly valuable for leadership processes performed within any company (Kotter, 2009). No leadership process may be performed without employees understanding the need for change and the need for new products or services. Even more, employees have to align themselves to a leader's vision by their own free will. Things are completely different with the management process, as managers go for bonuses or penalties for employees achieving certain tasks or not. Leaders don't use such means, as they have the ability to convince employees for transforming a certain vision into reality.

Under such circumstances, the message sent by the leader and the communication process with the members of the organization become key factors. As an example, every year, by the beginning of July, when a new fiscal year begins for the company (a fiscal year may be different from a normal year for American companies), Microsoft organizes a global meeting with top and middle management executives from all the company's branches. The meeting takes place on an American stadium and gathers an audience of more than 40,000 Microsoft employees. The aim of the meeting is sending out the vision for the development of the company and the leadership messages. The main element of the conference rests with the opening session, when a message is sent by a keynote speaker, usually Steve Ballmer (currently the Microsoft CEO, after taking over from Bill Gates).

5. Research in Motion (RIM) – History of a leadership failure?

Although the IT history is rich in leaders (dubbed as founders) that fuelled companies since their beginnings, there are exceptions. With the IT, involvement of the leaders needs to be continuous, no matter they are the founders or leaders taking over from founders).

Research in Motion, or RIM, is well known by means of its BlackBerry range of smartphones. The company was founded in 1984, in Canada. The awareness of the BlackBerry brand led to the company changing its name, beginning January 30th 2013, from RIM to BlackBerry.

RIM founders were Mike Lazaradis and Jim Balsillie. They both took joint CEO positions within the company until January 22, 2012. BlackBerry was an innovative company that understood before other market players the smartphone concept and its importance for the future development of the telecom market. During 1995, RIM attracted supplementary financial resources from an investment fund - Working Ventures Canadian Fund Inc. It used the USD five million to develop its first smart products.

Four years later, RIM launched the BlackBerry 850, a product that was not a phone, but a beeper. However, the product was innovative, as it allowed both receiving and sending messages. At the same time, the device had a QWERTY keyboard (and the way keys were situated led to the "baptising" process of the company – see figure 1).

Figure 1 – BlackBerry 850 – the first product of the company. Laying keys under the shape of a berry led to the new name of the company.

5.1. Innovation and leadership

Operating within the area of mobility, where technologies change fast, BlackBerry succeeded in launching an innovative solution. By 2000, BlackBerry launched the first smart mobile phone – BlackBerry 957 – with Push email facility and integration functions with an enterprise e-mail solution (Microsoft Exchange Server).

Such an innovation was related not only to the phone itself, but mainly to an end-to-end software solution that allowed e-mail management. BlackBerry Enterprise Server allowed messages received in the e-mail server to be managed and filtered. Phone users were not receiving all their messages on their devices, but only messages they considered to be important. By the year 2000 nobody was talking of 3G or other advanced data connections, and receiving daily hundreds of messages into the Inbox and replicating these on the mobile phone represented a technological impossibility of the time (considering the speed of the mobile connections to the Internet). BlackBerry Enterprise Server set complex rules for filtering messages. According to those rules, only most relevant messages for the client or those demanding an urgent answer reached the mobile phone inbox. Last, but not least, the phone had a very advanced operating system – BlackBerry OS – for those times.

Mike Lazaridis și Jim Balsillie were the two leaders with a definitive role in putting the development vision regarding the company into reality. Results came not too long after that, with the company registering 226 per cent increase in revenues by the end of 2005 compared to 2004. (The company's turnover for 2004 was USD 595 million, while the turnover for 2005 reached USD 1.35 billion) – see Table 1.

5.2. Lack of leadership and decline

BlackBerry failed to support continuous leadership efforts when new competitors emerged on the smart phones market. By 2007, Apple launched its first iPhone, a device

Nicknamed as "the BlackBerry killer" by the media. Google came next with its Android operating system, thus allowing other manufacturers of devices like HTC, LG or Samsung to very aggressively emerge on the smartphone market, although they lacked R&D within their software departments.

How did BlackBerry leaders respond to all these? They failed to find a balance between their personal and the company interests (Forbes, 2012). Jim Balsillie wanted to keep alive a NHL (National Hockey League) hockey team. During 2007 and 2009, he made several attempts to buy First League teams in US, but all his attempts finally failed.

Mike Lazaridis got involved in building a "monumental" mansion for himself (Forbes, 2012), with the building process taking more than six years.

Lacking leadership and vision, the company went into decline on a smartphone market that was registering significant rates of growth.

Fiscal Year	Sales ($ millions)	Operating Income ($ millions)	Net Income ($ millions)	Active BlackBerry Subscribers
2002	294	(58)	(28)	
2003	307	-64	-149	534,000
2004	595	78	52	1,069,000
2005	1,350	386	206	2,510,000
2006	2,066	617	375	4,900,000
2007	3,037	807	632	8,000,000
2008	6,009	1,731	1,294	14,000,000
2009	11,065	2,722	1,893	25,000,000
2010	14,953	3,507	2,457	41,000,000
2011	19,907	4,739	3,444	70,000,000
2012	18,508	1,164	2,199	77,000,000
2013	11,073	-628	-317	76,000,000

Table 1 – Financial Results BlackBerry 2002 -2013 (Wikipedia and BlackBerry company website)

Conclusions

For IT&C companies, the leadership process has to be continuous. The vision and communicating vision to employees, the implementation process of new technologies and adapting the organization to it – these are only few of the development demands for a company that operates within one of the most dynamic economic sectors.

An IT&C company without a leader resembles a ship without an operational rudder. BlackBerry missed the launch of the new generation of smartphones due to the lack of involvement from founding leaders into the development processes of the company.

Within the IT&C world, leadership is more difficult than in other areas, as it is mainly achieved through the founders of the company. Coupled with the failure of passing over the key to younger generations of leaders, the "founders grow older" process may lead to leadership severe failures, as was the BlackBerry case.

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