



BrainHeart Magazine visited Ericsson's HQ in London to facilitate a meeting between Britt Reigo, HR director and Anders Lundquist of MobileMedia Group.

Ericsson headquarters, close to idyllic St. James's Park, was designed by Swedish architects Gert Wingårdh and Thomas Sandell



FACE TO FACE:
BRITT REIGO AND ANDERS LJUNGQUIST

» We Need Each Other in the World Wireless Race «

By Mia Odabas

Sweden's cooperative spirit is a key to the nation's wireless triumphs. This cooperative spirit is clearly seen one autumn day in Ericsson's comfortable Swedish-designed office in central London. Here, Britt Reigo, Ericsson senior vice-president, human resources, meets with Anders Ljungquist, founder and managing director of the eight-month-old Mobile Media Group, MMG, developer of a wireless applications device.



A small start-up meets a powerful, global giant. It might seem like there's a battle brewing. But no. Both warmly agree on most things.

Anders Ljungquist, the entrepreneur, points out that Ericsson paved the way for Sweden's many small wireless specialist companies, thanks to its world leading position in mobile telecom equipment.

Britt Reigo, Ericsson personnel chief, knows her company must cooperate with start-ups like Mr. Ljungquist's

MMG. One very conceivable scenario is that MMG needs the infrastructure that Ericsson develops, while Ericsson might handle orders that MMG can't fill.

One of the secrets behind Sweden's leading position in the wireless world is the dynamic interaction between large and small companies. Jane Walerud, an American who has worked in Sweden for 20 years, understands this. Ms. Walerud and several friends quit their jobs at Ericsson to form Bluetail, a software firm, in January 1999. Twenty months later, it was sold to Nasdaq-listed Alteon Web Systems for US \$150 million.

Ms. Walerud, in a newspaper interview, described key factors behind Swedish success: "Swedes are non-hierarchic and work totally without prestige. That's why we can always maintain the lead position when it comes to technology development. The person who has the best solution wins, not the one who has the highest position."

This is clearly seen when Britt Reigo meets with Anders Ljungquist.



BRITT REIGO

Born: 1943

Resides: London

Family: Husband and two adult children, Peter and Katarina
Hobbies: Travel; "Physical activity" (hiking, jogging, gym, swimming, skiing, ice skating, canoeing); Stockholm archipelago; music; theater; home decor; cooking; family and friends.

Motto: "Dig where you're standing." ("This has always helped me. It was one of Mom's favorite Swedish pieces of advice, and it means, 'Do as well as you can with what you have within you – the rest will come.'")

Career: Bachelor's degree in behavioral sciences from Uppsala University. Worked in seven different industries (mainly in personnel): restaurants, publishing, mechanical engineering (houseware/glassware/jewelry products), airline, insurance, steel, and telecom. Since 1988, senior vice president, corporate function, people and culture, Ericsson. Helped build up Ericsson's business activities in China, 1995.

Britt Reigo, on herself: "I am happy and positive. I always start from a positive position, and that can sometimes be a shortcoming. People must prove to me that they are not as good as I believe. Sometimes I'm disappointed. I have a lot of energy – perhaps many people think that I have been troublesome. I'm motivated by visions and I often reach my goals, even if I change them a little bit on the way."

» *It's good that many people want to start their own companies. This creates energy in society. But so far, Ericsson does not have an alarmingly high personnel turnover.* «

Britt Reigo

SIMILARITIES AND DIFFERENCES

Ms. Reigo is a top executive of Ericsson, which has just over 100,000 employees. Mr. Ljungquist's company has 15 employees.

If differences between the two people are obvious, it's harder to immediately see their similarities. But it's these similarities that are behind Sweden's cooperative spirit.

Both chose their careers very consciously, and not by accident. Mr. Ljungquist formerly worked as a technical consultant. Ericsson, which was among his clients, offered to sign him as an employee several times. He turned the offers down.

"The first time, it was because of money," he says. "I could make much more as a consultant. The next time I preferred to be my own boss. Ericsson does things its way; it's controlled by policies and time frames. As a small company, we can work faster. We have a flat organization and short decision routes. But the decisive factor for turning down the job offer was that I want to do things my way.

"I had really never desired to be employed in a large company. What spurs me on is to take responsibility and use my own initiative, and it's far more difficult to do this in a large company."

Ms. Reigo feels just the opposite: that the small company has limitations. She has had a long career working in large companies, including SAS, the airline; SPP, an

insurance company; and SSAB, a steel company. She has never been attracted to a small company.

"In a small company, I'd feel limited in my own development," she explains. "I want to influence and direct changes in a large perspective, to oversee the big picture."

CHOOSING A WINNING TEAM

MMG and Ericsson attract different types of people.

Ms. Reigo offers "long term relationships", while Mr. Ljungquist's employees "get no help whatsoever – they're self-reliant."

He spends a lot of time convincing contacts that MMG will live for another year.

"But we have gotten a great deal of support because we have developed our product – it's already here. Our branch often sells visions. But we tested our business model before we even founded the company. We offer solid confidence and a real product. We employ people to carry out concrete assignments. We don't employ them just for the sake of hiring."

Ms. Reigo has completely different conditions when it comes to recruiting.

"Ericsson is one of the most successful companies in the world in its industry, and we have succeeded in maintaining our leading position," she says. "This attracts many; we are



ANDERS LJUNGQUIST

Born: 1966

Resides: Hässelby, a Stockholm suburb.

Family: Lena, who also works in MMG, and her three children.

Hobbies: Golf; working on the house; cars, especially Corvettes.

Motto: "Live today, tomorrow may be too late." Most important, however, is to keep healthy and feel well.

Career: Master of engineering degree from Chalmers Institute of Technology, Gothenburg, 1991. Consultant with own company. Projects included: product developer at Technology Partners and the State Lottery Service (1991-93); project leader at Spray (1995-96); Ericsson Business Networks, Ericsson Telecom, SPP insurance company, Telenor and Telia (1993-2000). Founder and managing director of Mobile Media Group, MMG (2000).

Anders Ljungquist, on himself: "I have always been goal oriented. I act very much on my instincts and I do what I think is right. I am definitely a highly competitive person. I probably work too much sometimes – and I don't like tidying up."

in the right sector. Despite our large size, we are entrepreneurial. There's no ceiling. You set it yourself. At Ericsson, you have every opportunity."

This opinion is perhaps not shared by everyone, especially not by former employees.

ENOUGH PEOPLE WHO QUIT?

A number of people who left Ericsson have created their own companies, several of which have been recently acquired for large amounts. Qeyton Systems, a fiber optic company founded by five who left Ericsson two years ago, was acquired in May by Cisco for US \$800 million. And there's Ms. Walerud's company, Bluetail, as previously mentioned.

Other former Ericsson people left to join start-ups. Mats Lindoff, Ericsson's GSM manager in Lund, left recently to become managing director of C Technologies [see article on page 36].

Four sector managers, mainly from Ericsson Software in Karlskrona, founded consultant company Kipling in 1995. One of the four, Anders Sixtensson, said in a newspaper interview early this year: "Ericsson even in the future will have problems retaining competent personnel with entrepreneurial qualities. The climate has changed more to Ericsson's disadvantage since we left to form Kipling."

MOBILE MEDIA GROUP, MMG

Founded in May, 2000, by Anders Ljungquist, CEO, and Magnus Danielsson, chief technical officer. Currently has 15 employees. MMG aims to be a leading standard product vendor for the wireless Internet.

MMG develops mApplicator, an application server for the wireless Internet. mApplicator is multi-language and independent of terminals, operators and standards. mApplicator allows companies and organizations to focus on mobile customer value and offered services, instead of spending time and resources on behind-the-scenes mobile Internet technology.

Clients gain access to the wireless Internet without needing to adapt their technical infrastructure or business processes. Examples of services it can provide: mCommerce sites; secure mBanking; information from a company (such as the magazines IDG/Computer Sweden and Allt om Stockholm) directly to all subscribers or readers.

Two network companies, Dynarc and Net Insight, were founded by researchers who had cooperated with Ericsson but who chose to run their companies independently rather than under the Ericsson umbrella.

But Ms. Reigo says that the media has exaggerated what it has called “the flight from Ericsson”.

“It’s fine that people want to start their own companies: it provides energy to society,” she says. “Certainly, it’s no fun when people leave when the development of their business ideas could have taken place within Ericsson, and we don’t take this situation lightly. However, in a large company like Ericsson we will always have people who leave in order to try something else. But so far, we do not have alarmingly high personnel turnover.”

Ericsson’s research director, Bernt Ericson, says in the company’s employee publication, *Kontakten*, that in order to capture the best brains “a totally new way of thinking” is needed, with fewer hierarchies, more flexibility, new employment arrangements, and greater opportunities for individual development. He says, “The situation is acute.”

Ms. Reigo definitely disagrees: “No, it isn’t. The entire industry has the same problems. But we are well equipped for the battle to win top talent. We are extremely alert and we have resources to work with these questions.”

YOU CAN’T EAT OPTIONS

One concrete example of how Ericsson is attempting to keep personnel from leaving and to attract new talent is newly founded Ericsson Business Innovation and the venture capital fund, Ericsson Venture Partners, EVP. [See separate story.]

Ericsson Business Innovation intends to capture new ideas and projects that originate internally but which do not fit into the established Ericsson structure.

ERICSSON

LM Ericsson was founded in 1876 by Lars Magnus Ericsson. The telecom equipment giant has over 100,000 employees in 140 nations. Sales in 1999 were SEK 215 billion (US \$25 billion), and pre-tax profit was SEK 16 billion (almost US \$2 billion). Ericsson’s mission: To understand its customers’ opportunities and needs and to provide communication solutions better than any competitor. Ericsson recently placed all wireless Internet R&D into a new organization, Internet Applications, with 800 employees worldwide, of whom 400 work with WAP.

Ms. Reigo points out that Ericsson Venture Partners is another clear sign that Ericsson wants to support new business ideas.

“EVP provides us with the opportunity to invest in projects that are outside the framework of Ericsson’s core business, but are still in the industry,” she explains. “This creates a bridge between us and entrepreneurs.”

Mr. Ljungquist, however, says that despite all the technical support, funds for development, and a well-developed sales organization that’s fast out to the market, Ericsson has a disadvantage in attracting the best employees: low salaries.

Ms. Reigo quickly responds: “Our dilemma is that we have this reputation. But it’s a myth. We do not have low salaries today. We are very competitive in our salary levels. But it’s more difficult for us to offer options to all employees, which small companies can do. Today, we have an options program for key employees, and for many years we’ve had a convertible bond program that provided very good return for many employees. Options are no sure bet and can be worthless. That’s been demonstrated by many small companies. You can’t eat options, as many have discovered. Materially, young entrepreneurs are enticed by the market play, where the highest prize can be economic independence after a period of hard work. As an employee of Ericsson, you don’t even gamble in the game.”

FASTER WITHOUT FORCE?

But how do the worlds of Anders Ljungquist and Britt Reigo differ when it comes to immaterial values, leadership, corporate culture?

Surprisingly, they have a tough time finding any differences. Anders nods his head in agreement as Ms. Reigo describes a good manager at Ericsson: “An open-minded person whom people want to work for and follow, who can set goals, coach. A person with empathy who can get the job done without giving detailed instruction.”

But after a while, the two do express some different views.

“Anders, you decide everything yourself,” says Ms. Reigo. “You are quite alone; you must trust only yourself. At Ericsson, a leader is part of a larger system. As a small businessman, you can’t afford to suddenly spend extra money, but you can do so in all large companies.”

MR. LJUNGGQUIST tells of his working as a consultant for Ericsson: “Sometimes I’d get frustrated because people would be sent off for a training course when

» *We would never get anywhere in our company if people did not assume responsibility.* «

Anders Ljungquist

we had an important project to complete. You can afford to send off people. We have to prioritize more. Sometimes, I believe it's difficult for a company like Ericsson to get all employees to understand their role. I've met people who didn't understand the point of what they were doing."

MS. REIGO: "Certainly – that's a problem in all large organizations. We must be better at focusing, simplifying and de-bureaucratizing. We must do so to create conditions for becoming much faster."

MR. LJUNGQUIST: "When I was at Ericsson, there was a lot of command. I think things would have gone faster without force. At our company, we'd never get anywhere if people didn't take on responsibilities. If they can't assume responsibility, they're working at the wrong place. We have no time for controlling and giving orders. You have more time for that at Ericsson, and as employees you are more dependent on one another."

MS. REIGO: "I can always get help from people at Ericsson. We have gathered enormous competence within the company..."

MR. LJUNGQUIST: "... but the most competent are always extremely busy."

FUNCTIONING ECONOMY

The concept of "success" is viewed almost the very same by Ms. Reigo and Mr. Ljungquist.

"Success is that our business plan succeeds," says Mr. Ljungquist. "We want to be one of the leading actors in our field."

"You could have just described Ericsson," Ms. Reigo responds. "We must take huge orders every day, even if we are already large."

"Yes, but our company still has an unproven technology," Mr. Ljungquist replies. "Success for us means that our solutions and ideas can be sold."

Mr. Ljungquist wants to know how Ms. Reigo defines the new economy. He talks of "the new economy" and "the functioning economy". She ponders a bit and explains, "Buzz words give me a headache."

"There are two definitions," she says. "The first is an economy in which one does not need to make profits. But obviously, such an economy will not last long. The other definition is an economy involving an entirely new way to do business, an economy that will change our way of thinking and acting. This is good for us in our industry – more need for wireless creates greater demand for our products and services."

ERICSSON VENTURE PARTNERS, EVP

Ericsson Venture Partners, a venture capital company, was founded in the autumn of 2000, by Ericsson, in partnership with Merrill Lynch and Swedish investment companies Investor and Industrivärden. Initial capitalization was US \$300 million. The four partners will supply an equal amount over a three to four year period.

Ericsson Venture Partners will take minority stakes (10-30 percent) in European and North American companies that work in everything from software to hardware in wireless Internet.

"We will invest between US \$2 to 20 million per investment, and our goal is a return of 25-30 percent," says Rolf Eriksson, responsible for Ericsson's strategic alliances, and in charge of starting up the venture firm.

Ericsson intends to use EVP to further strengthen its already strong position in wireless Internet.

"As a venture capital company, we can contribute with expertise in technology and how to meet customers' demands," explains Mr. Eriksson.

"Through investments, we will also contribute to stimulating development of wireless Internet utilization of much broader significance."

They both fully agree on the wireless industry's gigantic future potential and on its main characteristic: extremely fast growth. Speed leads to increased opportunities for the individual, which results in more "unfaithful" employees. They both have difficulties predicting their own futures.

MS. REIGO: "I could never have described five years ago what I would be doing today, and I don't know what I will be doing five years from now. Oh, yes, I'll be retired. And then I'll be doing something entirely different – spending more time in France, in the countryside. And playing golf."

MR. LJUNGQUIST: "It would be dull if I knew what I'd be doing in five years. I can't answer."

MS. REIGO: "Perhaps you'll work for Ericsson."

MR. LJUNGQUIST: "Yeah, that's not entirely impossible."

One thing is certain: they need each other in the world wireless race. And they are very well aware of that.

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