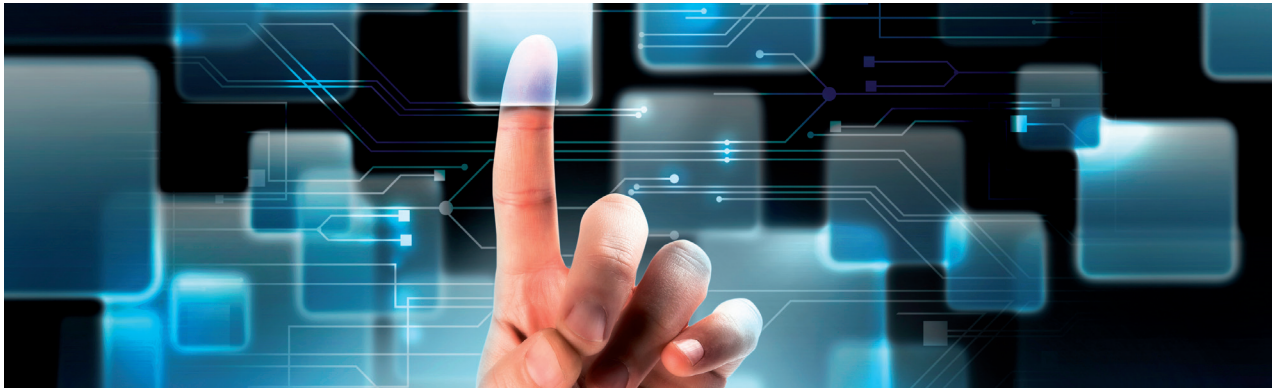


Telecommunications, Media, and Technology Practice & Organization Practice



Reshaping telco organization to  
meet the industry's new challenges



# Foreword

Telecommunications technology is evolving at breakneck speed, and customer demands are keeping pace with these sweeping changes. Yet the unique history of the telecommunications industry has left many companies with highly complex, sometimes rigid structures. As a result, telco CEOs find themselves increasingly occupied by pressing organizational issues. McKinsey's Telecommunications, Media, and Technology (TMT) and Organization Practices have joined forces to examine the organizational challenges facing telcos today and tackle CEOs' most pressing questions:

**How should we evolve our operative country (OpCo) organizations?** Convergence, new technologies, maturing markets, greater competitive pressure, proliferating product offerings, and increasing customer expectations – telco OpCos face a host of challenges.

**What is the right organization for managing our complex, diverse group of OpCos?** Thanks to significant international expansion, many telcos are now present in a greater number of countries. This situation boosts complexity for the group-level organizations charged with the governance of this international scope, but presents opportunities to extract value from the increased scale.

**How can we turn our product and innovation organization into an engine of growth?** Slowing in traditional business areas and more intense competition make finding new growth areas critical. Yet existing organizational structures may fail to facilitate innovation.

**How can we push the performance and health of our organization?** A lackluster economic environment and decelerating growth are increasing pressure for the existing business to perform. CEOs need appropriate approaches, tools, and metrics to provide this performance and make their organizations stronger for the long term.

**What capabilities do we need to remain competitive?** As they look to the future, telco managers must be sure they have the skills and talent to deal with rapidly changing markets and new competitors. Meeting tomorrow's challenges may also require incumbents to transform their cultures.

**How can we ensure effective management of mergers and the resulting integration?** In this period of industry consolidation, telcos should understand the opportunities that different types of mergers bring and be ready to handle the integration process efficiently and effectively.

This brochure offers a starting point for exploring these questions. Although most topics have a certain telco focus, some of the conclusions are also relevant for a broader range of companies across the entire TMT sector. We hope this overview is helpful and encourages you to reach out to us or our McKinsey colleagues to discuss any of these organizational topics in greater detail.

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# Reviewing organizational design in a fast-changing context

## *Evolving OpCo organizations*

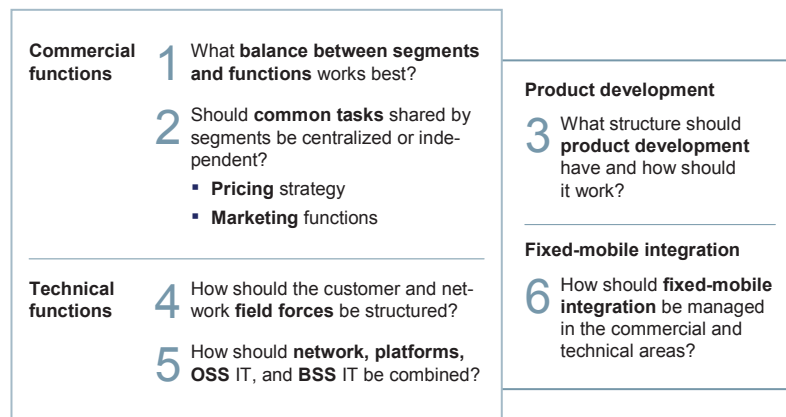
Javier Gil, Jaime Rodriguez-Ramos

Despite a broad range of options for structuring their organizations, market and technological forces are pushing operators toward segmentation and fixed-mobile integration. Almost all operators, however, are struggling with how to actually plan, design, and execute this evolution. To build a successful integrated, segment-based organization, telco CEOs must consider six issues: whether and how the organization's structure should reflect customer segments or company functions; whether common tasks should be shared; the structure of product development; the structure of customer and network field forces; the approach to combining the network, platforms, and IT for OSS and BSS; and managing fixed-mobile integration on the commercial and technical sides.

Segmenting the customer base into groups with similar characteristics is a proven way for companies to better understand their customers and tailor their value proposition accordingly. The extent to which such segmentation is reflected in the organization – overshadowing or playing a secondary role to a more conventional functional focus – determines how the commercial side of a telecoms company is structured. Whatever model is selected, the resulting function/segment balance has a number of long-lasting implications for the direction of the organization's optimization efforts and the ultimate competitive advantage that results. While the traditional functional split between sales and marketing brings clearer accountability and easier decision making, a segment-specific focus with certain shared functions, such as pricing or marketing, is indispensable for companies seeking to truly tailor their offers to different customer needs and marketplace dynamics. Such a setup will become even more important at the OpCo level in the future. Finally, it is vital that organizational structures provide enough entrepreneurial freedom to support innovative product development

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## Key questions for determining the appropriate local OpCo organization



without entirely sacrificing scale advantages. Approaches to this complex issue are examined in greater detail in the “Organizing for innovation” section.

OpCos also face a real choice between a “network-centric” model integrating all network functions and a “field-force-centric” model integrating all local operations. In the network-centric model, it is key to find nonorganizational ways to capture cost synergies and ensure an end-to-end view when resolving client issues. In models focused on the field force, process integration and alignment within the network’s “design-build-operate” value chain are critical.

Fixed-mobile integration is a gradual process that OpCos should address in stages over time rather than a single “big-bang” effort. Convergence tends to make sense for some parts of the company (e.g., corporate, direct sales, core networks) long before others (e.g., consumer, product development), so it should not necessarily progress at the same speed throughout the organization. Even within a specific part of the OpCo, such as network design, the process will be a gradual one that starts with coordination (i.e., a single top executive is responsible for both areas), moves to specific processes (i.e., integration of some middle management), and only extends to operational personnel after time.

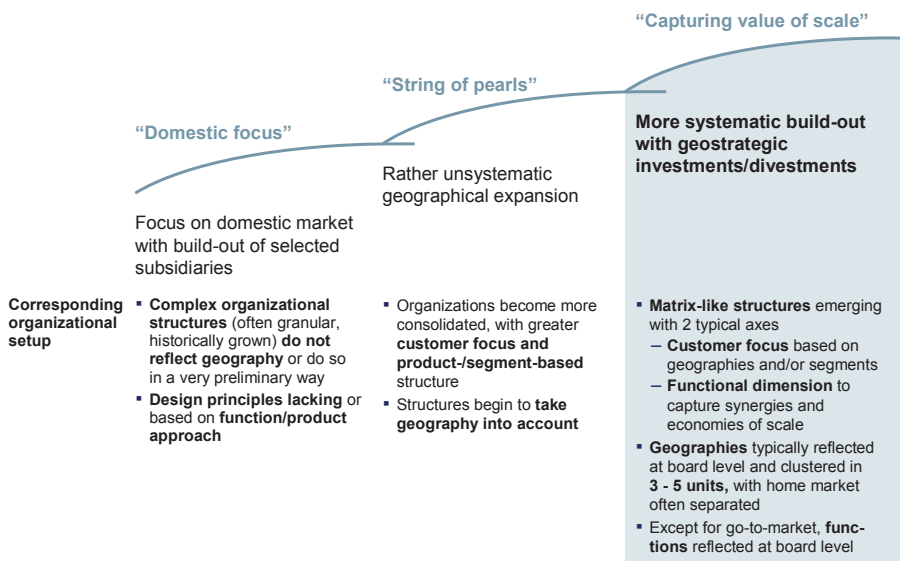
Know ID: 779233

### Dealing with the complexity of multinational organizations

Christian Winnewisser

Large telcos generally expand internationally in three phases. After an initial focus on selected subsidiaries in their domestic market, many telcos have built a set of country

#### At this stage of their expansion, multilocal telcos must achieve a successful matrix structure



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## Value creation within a group of OpCos occurs in 3 areas

<b>“Naturally” group-led activities</b>	<b>Setting the group’s direction</b> <ul style="list-style-type: none"> <li>▪ Strategy development</li> <li>▪ Financing</li> <li>▪ Guidelines for HR, branding</li> </ul>
<b>Centralized steering of cost improvement</b>	<b>Realizing economies of scale in terms of operations costs</b> <ul style="list-style-type: none"> <li>▪ Procurement</li> <li>▪ IT/network</li> <li>▪ Technology roadmap</li> <li>▪ Shared services</li> </ul>
<b>Coordinated innovation to capture growth opportunities</b>	<b>Leveraging economies of scale in commercial approach</b> <ul style="list-style-type: none"> <li>▪ Innovation/product development</li> <li>▪ Market approach</li> </ul>

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organizations in recent years that resembles a string of pearls more than a systematic, integrated portfolio. While this type of expansion is likely to continue, telcos are entering a phase in which they face the challenge of systematically capturing economies of scale. In this context, telcos need to enhance their group governance and capture the advantages of their larger scale.

### Enhancing group governance

Multinational telcos need to find a way to effectively integrate the various regions within their existing organizational structures in a way that allows them to respond to local market conditions while still maintaining adequate overall control. Getting the basics of governance in place without risking organizational efficiency or creating duplication is a fundamental step in this process. The dominating organizational model of multinational telcos at group level is a matrix with well articulated functions for managing scarce resources. The different forms this matrix can take entail various trade-offs, primarily between functional consolidations and regional market requirements, which managers should carefully consider.

### Capturing economies of scale and leveraging best practices

To take advantage of their large scale, telcos must balance the need for optimal responsiveness to local market requirements with that for the functional excellence and globalization required to reap scale benefits. In many cases, achieving this balance involves combining decentralized market-oriented/go-to-market functions with globalization of those functions most capable of generating economies of scale (i.e., technology, innovation, procurement, IT). It is also vital that the different OpCos exchange best practices. In so doing, they should focus on interactions that create value, using communication and participatory technologies – such as videoconferencing systems or collaborative Web-based tools – to enable knowledge



sharing. Such efforts can include knowledge markets to make documents accessible and expertise locators to help those with specialized know-how find one another within and beyond the network.

Know ID: 780029

### *Anticipating the trends that will shape telco organizations*

Tomas Keisers

As global forces shape the economy, the telecoms industry overall and the individual organizations within it will evolve. Telco managers must tackle four tasks as they work to build the “the telco organization of the future.”

**Build a networked organization.** In today's fast-moving, interconnected business environment, telco managers must promote cross-unit collaboration, use new technologies, enable virtual/remote collaboration, increase the organization's flexibility, and overcome silo thinking. These steps will encourage productive interactions – in other words, they will increase the volume and the value of the intangibles shared across the enterprise while lowering the costs of these exchanges. Complementing the group's matrix-based organization with functional networked communities – e.g., centers of excellence, knowledge markets, or expertise locators – fosters such seamless horizontal collaboration across regions and functions.

**Open the organization and manage the ecosystem.** Sputtering growth from traditional telco services, proliferating technology and knowledge, and new global competitors are all putting pressure on telcos. In response, they must capture benefits by accessing knowledge, talent, resources, and markets outside their

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#### Key implications for future telco organization

<b>Build networked organization</b>	<ul style="list-style-type: none"> <li>▪ Complement matrix-based organizations with <b>functional networked communities</b></li> <li>▪ Foster <b>seamless horizontal collaboration</b> across regions and functions</li> </ul>
<b>Open the organization and manage the ecosystem</b>	<ul style="list-style-type: none"> <li>▪ Build <b>network of third-party suppliers/partners</b></li> <li>▪ Focus on <b>orchestrating</b> proprietary knowledge rather than creating it</li> <li>▪ Build <b>efficient M&amp;A/integration engine</b> to enhance product portfolio and capabilities through a series of smaller deals</li> </ul>
<b>Establish structures that foster innovation</b>	<ul style="list-style-type: none"> <li>▪ Encourage <b>right environment for IP-based innovations</b> while <b>ensuring an efficient utility mindset</b> to strive for <b>annual efficiency gains/continuous improvement</b></li> </ul>
<b>Truly leverage global talent pool and upgrade skills to world-class levels</b>	<ul style="list-style-type: none"> <li>▪ Ensure effective <b>top-down decisions on group topics</b> but <b>allow for granular decision making on local issues</b></li> <li>▪ <b>Shift competence/shared service centers</b> to locations near future talent pools/centers of economic activity</li> <li>▪ Develop truly <b>global leadership team</b></li> <li>▪ Build <b>skills and capabilities</b> to address <b>new customer needs</b></li> </ul>

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current boundaries. Doing so requires them to involve outside stakeholders, such as suppliers and customers, in an externalized process to generate ideas and develop and commercialize concepts. In addition, they need to focus on not just creating proprietary knowledge but orchestrating it by building networks of third-party suppliers/partners. To this end, they must also establish new governance and organizational models for partnerships, such as alliances, lead partnerships, joint ventures, and majority stakeholdings.

**Establish structures that foster innovation.** Continued pressure on top lines and eroding margins as users migrate to newer technologies require telco organizations to focus on capturing efficiency gains to the maximum extent. At the same time, shortened product life cycles and faster time to market are forcing them to bring (strategic) innovations to the market quickly. Furthermore, with their core businesses flattening or even shrinking, telcos must look beyond their traditional activities to find the next wave of growth. Therefore, they need to capture innovation opportunities both within and beyond their core business areas. Specialists for incremental innovations and specialized teams for evolutionary innovations can be integrated into the existing organization, while separate innovation units pursue growth beyond the core. At the same time, continuous improvement initiatives and end-to-end steering can instill an efficiency mindset among employees, reinforcing their understanding of the company as a smoothly functioning utility with a long infrastructure pipeline.

**Truly leverage the international talent pool and upgrade skills to world-class level.** The shift in economic power to new regions poses a challenge to many telcos, which are still largely managed as multi-local organizations. These new economic centers are also home to a large, untapped talent pool that telcos can tap as they upgrade their organizations' skills to meet evolving customer needs and technological trends. Telcos need to establish truly international organizations that allow them to capture scale advantages globally while ensuring granularity and local adaptation where required. In particular, they should reconsider the position of shared service centers and centers of excellence and leverage a truly global leadership team.

Know ID: 780339

# Managing performance and people for maximum business impact

## Creating the performance management and mindset to meet new challenges

Dmitri Dorofeev, Kelli Fairbrother

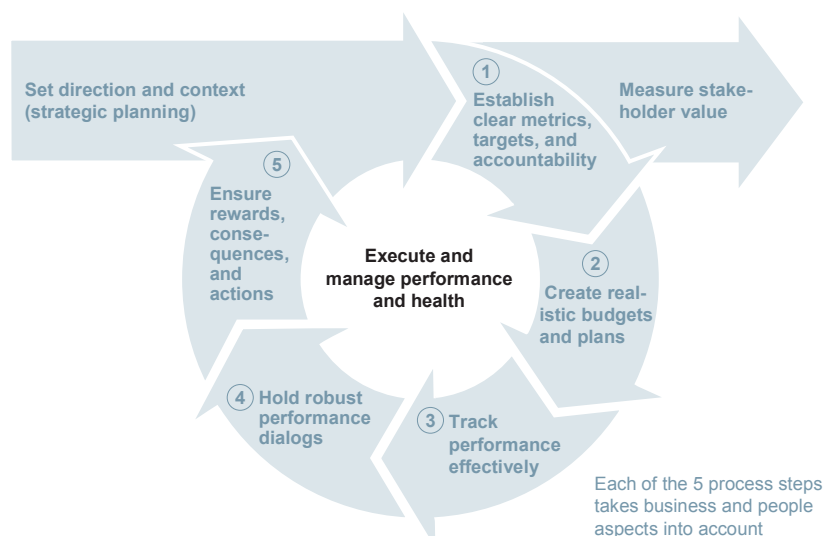
To excel in today's fast-changing environment, telcos need to know where they stand and what they need to do to succeed. But even the most thorough understanding of their status is useless without employees who are willing and able to adapt to new demands. Effective tools to track and manage performance and a culture that supports the long-term health of the organization are therefore equally important.

### Upgrading performance and health management

Performance and health management involves driving an organization to deliver impact today ("performance"), while simultaneously building its capacity to sustain and evolve this performance over time ("health"). Although all telcos have performance management systems in place, they often fall short as management tools for driving value or fail to keep pace with market and business developments.

Since effective performance and health management ensures that an organization is taking the right actions to execute its strategy and deliver value, it is crucial to upgrade systems that are not working optimally. The first step is to establish a holistic process at each level of the organization that integrates all functions within the operating model and takes both business and people considerations into account. For telcos, the "value cell" concept provides a proven way to strike the right balance between the traditional organization-based approach to defining KPI targets and business-based disaggregation. It entails dividing the business into self-standing, homogeneous value cells (e.g., customer segments, products, channels) and delivery cells (e.g., direct service centers, cost centers) to achieve the appropriate level of granularity for optimal value-based steering.

### A clear process that drives performance and health management is needed, along with appropriate metrics



Efforts to upgrade performance management typically encounter practical difficulties, mainly in terms of technology. Since speed is more valuable than full accuracy in the implementation phase, finding pragmatic workarounds is key to success.

Know ID: 777431

### Addressing cultural change

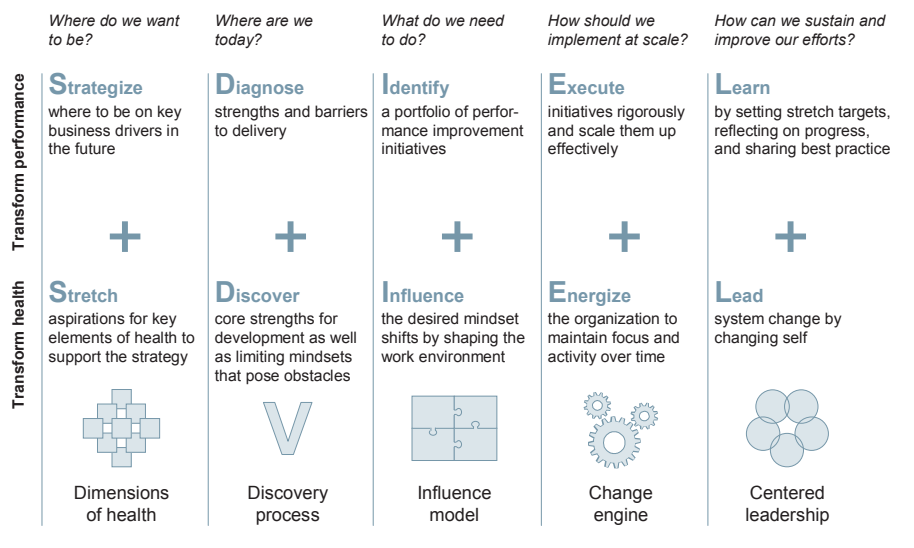
Today's deregulated, international market creates unique challenges for many telco incumbents. A history as a monopoly or state agency often continues to shape the attitudes and behavior of the workforce and middle managers, even as the company must compete against aggressive, more agile competitors. This entrenched mindset can take a number of forms: a lack of performance orientation and accountability, barriers to cross-functional collaboration, organizational silos, or difficulty becoming customer oriented.

Although top managers acknowledge the need for cultural change and greater organizational health, they may not know how to go about achieving these aims in a structured and effective way. As a result, employees of many companies have seen a series of change efforts launched with enthusiasm, only to fall short of expectations.

But combating the resulting organizational fatigue and instilling employees with a new mindset is essential: our research demonstrated that organizational health strongly correlates with performance. McKinsey's Organization Practice has developed a structured, proven framework for transforming an organization's health – and, in turn, substantially and sustainably boosting performance.

Despite its critical role in performance, culture is often viewed as a “soft element” that is difficult to quantify and track. Yet telcos setting out on a journey to transform

### The health frames approach draws on an in-depth understanding of organizational and human behavior



their cultures need hard facts about the current state of their company culture. If existing company surveys cannot be leveraged to provide the needed transparency, the McKinsey Organizational Health Index can provide a comprehensive view.

Know ID: 780338

### Building needed capabilities and transforming HR

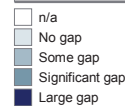
Christian Winnewisser

Significant opportunities exist for most telcos to improve how they manage talent, build new capabilities, and address HR challenges. For traditional telephone monopolies, talent management tended to be a low priority, and they may still lack crucial skills in this area. At the same time, new capabilities are increasingly key to their success: to master new technologies, tap more complex markets, and reinvent business models, telcos must undergo transformations that require new functional and general management skills and enhanced leadership. Furthermore, many telcos have personnel overcapacities and face a need for restructuring. A high share of employees with civil-servant status creates additional complexity. Finally, while they have grown into international organizations, many telcos are still saddled with nationally grown structures.

In this challenging environment, the performance of the human resources function plays an increasing role in a telco's business success. Without a clear and systematic approach, however, HR may lack a convincing business orientation and continue to focus on transactional, low-value tasks. Those HR departments that perform well in terms of both business orientation and efficiency tend to focus on the four pillars with the greatest economic impact on business performance.

#### A heat map reveals gaps between existing workforce competencies and strategic needs

ILLUSTRATIVE



Talent segments in organization	Critical competencies for corporate growth							
	Managerial competencies				Technical competencies			
	Results orientation	Customer impact	Collaboration and influencing	Change leadership	Team leadership	Developing organizational capability	Network access	Network core
Top team	No gap	Large gap	No gap	No gap	Significant gap	No gap	No gap	Some gap
Senior executives	No gap	Some gap	Significant gap	No gap	Some gap	No gap	No gap	No gap
High potential at business unit 1	No gap	Some gap	Significant gap	No gap	Significant gap	No gap	No gap	Some gap
High potential at business unit 2	Some gap	n/a	Some gap	No gap	No gap	No gap	Some gap	No gap
Technical talent at business unit 1	No gap	Some gap	Large gap	No gap	No gap	No gap	No gap	No gap
Technical talent at business unit 2	Large gap	n/a	n/a	No gap	No gap	No gap	No gap	No gap

**Translating business strategy into people strategy.** Top HR departments use strategic workforce planning to ensure that the organization has – or has access to – the talent required for current and future business success. To do so, they achieve transparency regarding the number of employees and their age distribution, current and required capabilities, and other critical workforce topics. Furthermore, they compile overviews of gaps and surpluses, and generate optimized measures to address them.

**Practicing next-generation talent management.** To make a real contribution to the organization's business success, the HR function must derive a talent strategy from the business strategy and boost the talent bench accordingly, taking a global view when appropriate. Drawing on best practices worldwide, HR managers can build a talent management engine tailored to their company's needs. Finally, they can also work to establish a talent culture throughout the organization that encourages and recognizes employee development.

**Developing the specific skills needed to drive business success.** Effective HR functions take steps to identify what critical skills and skill groups are critical from a business perspective. Then, they build these skills quickly with direct, focused interventions that employ adult learning principles and a mixture of classroom and on-the-job training. Finally, they use real high-impact business projects to develop and showcase new capabilities.

**Driving diversity.** Expanding the diversity of its workforce allows a company to tap additional talent pools and achieve higher performance. As the natural driver of diversity efforts, the HR function should obtain a clear picture of the current situation and set a three-year aspiration level. Managers should then devise a set of interventions based on best practices to close the identified gaps. In addition, they can define the organization's diversity requirements and a dashboard for tracking key diversity indicators.

As the HR function contributes to upgrading both the talent pool itself and the company's approach to talent management, it develops its own employees and capabilities. Tackling the demands of this new role thus represents not only a challenge but an opportunity for HR managers.

Know IDs: 749212, 758974, 735736, 776281

# Driving growth through innovation and acquisitions

## Organizing for innovation

Jens-Olaf Berwig, Oliver Gediehn

With growth rates declining and core markets shrinking, telcos need to rejuvenate their growth platforms. Yet new business ideas – however promising – must often fight for attention because they start out at a limited scale and are less profitable than the existing core business. The cross-functional complexity of innovation activities presents a further obstacle. To capture value from innovation, telcos must design their organizations to encourage creativity and collaboration.

Telcos seeking to excel at innovation should examine every aspect of their organizations – not only structures, but formal processes, governance, and mindset and capabilities – to see how well they support product and business development efforts. As they do so, they should keep five imperatives in mind.

**Drive nonincremental innovation centrally.** A strong central development unit should be charged with driving all cross-OpCo topics of strategic relevance. This central function needs to find the right balance between an OpCo service delivery model and a self-standing product unit with full P&L responsibility. The best approach depends on the particular objective and must be supported by the right governance.

**Play two very different games.** The best telcos enable the coexistence of their “supertanker” – the large existing core business – and “speedboats” or small pockets of noncore/OTT growth business. Since the approach to and objectives of innovation differ so greatly for each, the noncore business should be “ring-fenced” with its own funding, governance, and access to external talent. For key strategic topics, selectively building a separate organization makes sense. When implementing the two approaches, managers must juggle the trade-off between the synergies possible with integration and the need for entrepreneurial freedom.

## Incumbent example: key lessons in 5 areas enable telcos to successfully build new businesses outside their core



### Aspiration and leadership

- Focus on **high-growth business** and invest accordingly (“scale or fail”)
- **Increase organizational flexibility** and drive new opportunities in an environment separate from core business

### Strategy and portfolio management

- Develop clear **steering logic for each type of business**
- Rigorously **track performance**

### People and performance systems

- Ensure **product owners** are **empowered** and **willing to take risks**
- **Recruit entrepreneurial managers** to drive new opportunities

### Insight and openness

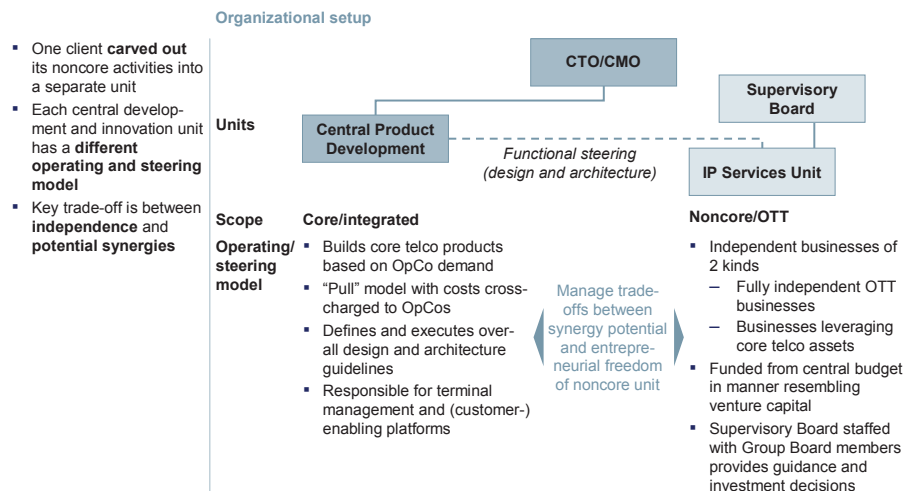
- Focus on **compelling value propositions** rather than current assets
- **Leverage partners** to complement internal assets and skills

### Execution and scale-up

- **Focus strongly on execution**
- Set up **supporting infrastructure** to nurture businesses

## Setup of units to drive new products and businesses depends on operating and steering model

ILLUSTRATIVE



**Open up the organization and manage complex ecosystems.** To fully tap innovation opportunities, telcos must overcome the "not invented here" syndrome and increase the share of partnering and external innovation. They should also build the capabilities to buy and integrate several smaller targets every year to add crucial skills to their organization and boost business building.

**Lead innovation from the top.** Senior leaders should serve as role models of a new mindset that questions established ways of working and is open to new ideas.

**Build pivotal new capabilities.** Nonincremental innovation, especially beyond the core, requires a whole new set of technical, sales, and marketing capabilities. Managers must find ways to embed these new skills within the organization's DNA.

The precise form the organizational model takes will depend on a number of factors. However, by observing these principles, telcos – as well as over-the-top players and companies in adjacent industries – can accelerate innovation and capture new growth opportunities.

Know ID: 780323

### Managing mergers in telcos

Fabian Billing

After falling off during the financial crisis, M&A activity is on the rise in all industries, including telecoms. Four distinct types of acquisition exist in the telecoms sector, defined in terms of two dimensions. The first is geographic scope – in other words, domestic mergers vs. cross-border deals. The second is the type of access-technology combina-



tion that results. A fusion of two mobile providers, for example, represents a merger of similar technologies, while the acquisition of a mobile company by a fixed-line player results in a cross-technology combination. Each type of merger is characterized by its own specific sources of value generation and synergies, as well as challenges.

In 2010, two major mergers took place in Europe, between T-Mobile and Orange in the UK, and VimpelCom and Kyivstar in Ukraine. Furthermore, domestic consolidation remains the dominant type of merger in terms of both the number of deals and their value, and is mostly welcomed by the investor community. The rationale for domestic acquisition is strong – the greater scale and lower competitive intensity that comes from increasing market share by just a single percentage point can add 0.5 percent to a telco's EBITDA margin.

In domestic cross-technology mergers, the largest potential revenue synergies come from bundling and cross-selling opportunities. Opex synergies, in turn, can mainly be tapped in backbone servicing, general procurement, marketing functions, and the sales network. Finally, capex synergies lay mainly in IT and the backbone itself. The picture changes if we consider a domestic merger of companies offering similar access technology. In this case, revenue synergies are mainly achieved through faster product rollout and decreased regional roaming, while opex synergies can be found across all categories. Right-sizing the network can improve opex as well, while procurement and new technologies can yield capex synergies.

Regardless of the specific combination of access technology involved, telcos pursuing domestic mergers should observe four rules. First, they should strive to capture a full range of value creation opportunities, from traditional combinational synergies to selective transformational opportunities such as initiatives focused on outsourcing and offshoring and/or creative R&D. Second, they should make strategic decisions

**M&A synergies: a lever catalog quantifies impact for all functions**

Network: greatest synergies usually exist in consolidating monitoring centers and maintenance		DOMESTIC MOBILE-MOBILE MERGER		
Key levers	Share of total opex spend	Typical savings	Impact on total opex	
<b>Network sourcing infrastructure</b> <ul style="list-style-type: none"> <li>▪ Pooling of purchasing volume</li> <li>▪ Consolidation of supplier base</li> <li>▪ Replication of best practices</li> <li>▪ Consolidation of departments</li> <li>▪ Site redeployment/divesting parts of network</li> <li>▪ Reuse/selling of network overcapacity</li> </ul>	10% (Capex)	10 - 15%	1 - 2%	
<b>Network operations and maintenance</b> <ul style="list-style-type: none"> <li>▪ Renegotiation of third-party maintenance contracts (volume pooling)</li> <li>▪ Network quality optimization</li> <li>▪ Increasing efficiency in own field force with optimized coverage model</li> <li>▪ Replication of best practices</li> <li>▪ Consolidation of departments</li> </ul>	41%	20 - 25%	8 - 10%	
<b>Network monitoring</b> <ul style="list-style-type: none"> <li>▪ Consolidation of network monitoring centers</li> <li>▪ Replication of best practices</li> </ul>	1%	25 - 30%	0.3%	
<b>Network planning, engineering, and construction</b> <ul style="list-style-type: none"> <li>▪ Consolidation of network monitoring centers</li> <li>▪ Replication of best practices</li> </ul>				

early, especially those related to organizational and people topics – composition of the management board, overall organizational structure, geographical split, governance bodies, P&L responsibility, key manager positions, and the retention process. Third, they must prevent churn and the erosion of customer value by keeping customers interested, confident, and active throughout the merger. Ensuring that the company does not lose its value proposition as it changes or discontinues price plans is one way to maintain this customer trust. Finally, telcos undergoing a merger need to effectively manage culture and communication, since these factors can impact short- and long-term acquisition goals. Instead of simply “mixing” the two cultures, it is important to understand how cultural combinations create challenges or opportunities for capturing planned synergies and to focus specifically on these areas.

No matter how they answer these questions, merging telcos should set up and follow a rigorous integration process. This discipline will help them to avoid pitfalls and get the most out of the opportunities that come from their new, larger scale.

Know ID: 776596

*Reshaping telco organization to meet the industry's new challenges:  
a joint venture of McKinsey's TMT and Organization Practices*

McKinsey's **Telecommunications, Media, and Technology (TMT) Practice** serves service providers, regulators, and equipment manufacturers around the globe. As McKinsey's second largest Practice, we have a strong presence and a track record that spans two decades. We have served a vast majority of the world's leading TMT companies, in most cases during the course of long-standing, transformation-based relationships. Organization and corporate/BU strategy have always been at the heart of our value proposition to clients. Mirroring the sector's renewed focus on improving core business results, we are building upon these strengths with increased attention to topics closer to the performance front line, such as operational excellence, marketing innovation, and programmatic organizational transformation. Collectively, we ensure that we leverage our expertise to bring the best of our firm to every client we serve.

The goal of McKinsey's **Organization Practice** is to help clients achieve high levels of performance by effectively organizing, leading, and motivating their people toward strategic and operational goals. The Practice is structured around four main knowledge domains: design, transformational change, leadership and talent, and merger management. Regardless of the type of organizational issue addressed, we work with clients to help change how their people work together, enabling a significant jump in performance. We also act as catalysts and facilitators of change, supporting clients in building their own capabilities. The new skills, mindsets, and values we help build in client organizations play a key role in the achievement of strategic objectives.

