

Memo tells of Moto phone chief's mgt. shakeup

By: John Pletz November 04, 2008

(Crain's) -- Sanjay Jha is wasting no time reorganizing the leadership of Motorola Inc.'s mobile phone business.

He appointed Dale Stone to plan Motorola's product lineup, according to a memo issued by Mr. Jha on Thursday, the same day the company reported third-quarter earnings and announced layoffs of 3,000 workers, including 2,000 in the troubled phone business.

Mr. Stone will lead a team that will "plan and define the products we build," according to the memo, obtained by Crain's.

After Mr. Jha was named co-CEO of the Schaumburg-based company and head of its mobile devices business in August, he brought Mr. Stone to Motorola as an adviser. The two men previously worked together at wireless-chip maker Qualcomm Inc., where Mr. Jha was chief operating officer before coming to Motorola.

The memo outlines Mr. Jha's thinking about Motorola's problems and how to fix them: "We currently do not have single responsibility for the portfolio. Sometimes I feel we have four or five separate portfolios that conflict -- or even compete -- against one another," he wrote.

Mr. Stone's group will develop Motorola's product strategy, deciding which markets to pursue. The company largely has missed the huge shift recently toward smartphones -- telephones that can access the Internet -- and more closely focused on phones that added music, photo and video capabilities. But the phones lacked all the features that can be found on devices such as Apple Inc.'s iPhone, the BlackBerry by Research In Motion Ltd. and a host of products from rivals LG Electronics and Samsung Electronics.

Motorola long has suffered from an inability to crank out a steady supply of products and get them to market on time. Its lineup also is jumbled, with the most recent offerings focused on adding individual capabilities such as pictures, video or music to otherwise similar phones, while not addressing broader categories such as smartphones.

"Our products are our lifeblood, and we simply must create and deliver more meaningful differentiation in them," Mr. Jha said in the memo, which lays out the second management restructuring in four months for the money-losing phone business.

Last week, Mr. Jha decided to terminate a desperately needed new line of products due out early next year because they were developed using software or chips he wants to discontinue in hopes of speeding up phone development and lowering production and support costs. Motorola will use software from Microsoft and a Google-led consortium called Android and one internally developed platform called P2K. Eventually, it will use chips from two companies.

"They've had too many phones using too many different technologies," says Ed Snyder, a San Francisco-based analyst with Charter Equity Research.

Like Mr. Jha, Mr. Stone comes from the semiconductor side of the wireless business, and he spent most of his time dealing with the equipment that runs phone networks. But he knows all of the major carriers that are Motorola's big phone customers, said a source who knows both men. Most recently, Mr. Stone was chief operating officer at Magnolia Broadband, a chip startup. He also worked at AT&T Inc. and U.S. Wireless Corp.

"Sanjay's going to go with who he knows, like everybody does," Mr. Snyder says. When former President Mike Zafirovski came on in 2000, "he brought in a bunch of GE guys. You go with someone you trust."

Mr. Jha also reorganized the company along geographic lines, appointing five general managers who will report to him and have profit-and-loss responsibility.

Bruce Brda, who became the top executive in the cell phone unit in June while Motorola searched for a CEO, now will oversee Greater China. John Gherghetta will continue to oversee Europe, the Middle East, Africa and the rest of Asia. Mark Shockley continues to head North America, the company's largest market. Todd DeYoung will head Latin America. The fifth general manager, Wayne White, will oversee accessories and other phone-related products.