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February 26, 2015 11:52:05 AM

# RIM's Heins: Change Investors Can Believe In?



Are RIM's investors impossible to please, or has the company added yet another monumental mistake to the chain of missteps that have led it to the brink of disaster? "A company in the state of turmoil that RIM is experiencing needs a strong CEO who has the experience and fortitude to make hard-line decisions," said executive recruiter Patricia Lenkov. "They cannot afford for someone to learn on the job."

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By Erika Morphy • *E-Commerce Times* • *ECT News Network*

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There has been plenty of evidence that shareholders, to say nothing of customers, have been unhappy with RIM's direction in the last few years. They have been calling for new leadership, new strategy, new products -- new something.

This week, a management shakeup seemed to grant that wish.

RIM's former coCEOs and cochairs Mike Lazaridis and Jim Balsillie are no longer in those positions. Instead, Thorsten Heins [has been named](#) the



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company's new president and CEO. He was also appointed to RIM's board of directors.

Wall Street was unimpressed, however, and promptly punished RIM's shares.

The tech industry at large appears less than joyous over the change, with criticism of the move almost as plentiful as the disapproval hurled at RIM before the management reshuffle. To be sure, Heins has not helped matters with his comments suggesting no drastic actions need to be taken at the company.

Still, the shakeup in the upper echelons is significant. Board member Barbara Stymiest is now chairperson, and Prem Watsa, CEO of Fairfax Financial Holdings, is now a member of the board.

Given the magnitude of these changes, one can only assume that executives at RIM are asking themselves, through gritted teeth, what exactly do investors want?



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### New Blood

For starters, try anybody except another insider, suggested Rob Enderle of the [Enderle Group](#).

Given the trouble RIM is in, investors want something more along the lines of what IBM got with Louis Gerstner, he told the E-Commerce Times.

RIM's investors "didn't like the course, so just getting a new body that would steer the same one didn't leave them happy or satisfied," he explained. "What they wanted was hope and change -- what they got was a few more years of the same thing."

Bold change is required at RIM, said N. Venkatraman, a business professor at [Boston University](#). Instead, the company is making an incremental adjustment.

"By picking an insider, it signaled continuation of status quo," he said. "The market is expecting -- rightfully so -- more dramatic changes that acknowledge the shift in the competitive landscape. This reminds me of what Kodak did with digital photography -- hoping that it had time on its hands."

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RIM is running out of incremental options, added Venkatraman. "It needs more radical moves. The announcement of [the new] CEO is not one such move."

## Give Heins a Chance

Investors might want to give Heins more time before dismissing him, however, suggested Azita Arvani of the [Arvani Group](#).

"Thorsten Heins has to walk a tightrope between energizing the company and not demoralizing the current workforce and management," she told the E-Commerce Times, "and on the other hand, making sure he comes across as a good-enough change agent to lead RIM to a new future."

In his public debut as CEO, he seemed to be strongly acknowledging what RIM has done and not presenting much of a change in strategy, she acknowledged, so it is understandable that shareholders seem disappointed. They were expecting a new CEO to acknowledge that there were serious problems for RIM to address.

So far, the two biggest issues Heins has brought up are that RIM should be listening to consumers more and the product development process needs more discipline, Arvani noted.

The consumer marketing department should be beefed up, she suggested.

Meanwhile, RIM's smartphone technology development has been stagnating for a few years, and the efforts to move to the [QNX](#) platform have not yet worked well. The PlayBook tablet has also been a disappointment.

Given all this, "Heins would have been better off if he acknowledged the 'burning platform,' like Nokia's Elop did, and then talked about what he was going to do with the technology and the platform," said Arvani. "It could be that the technology is there, and RIM just needs to get it out through a better process -- but shareholders need to be convinced that is the case."

Still, Heins has only been on the job for a couple of days, Arvani concluded, "so, perhaps in the future, he will address the technology and product strategy."

## More Than Caution

It's typical of investors in a troubled company to react to any change with concern and caution. Still, it may be that even if RIM's newly minted execs weren't "insiders," they still might not be the right people to turn the

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company around.

Heins is unproven as a CEO and has an engineering and operations background, which is not what the company needs right now, maintained Patricia H. Lenkov, an executive recruiter with [Agility Executive Search](#).

"A company in the state of turmoil that RIM is experiencing needs a strong CEO who has the experience and fortitude to make hard-line decisions," she told the E-Commerce Times. "They cannot afford for someone to learn on the job."

Also, the market's reaction to Heins as CEO is in part influenced by the appointment of Barbara Stymiest as chairman, Lenkov added.

"Stymiest is certainly accomplished and undoubtedly very intelligent, but she has a financial services background that is all in Canada," she noted. "The reaction to Heins' appointment could have been tempered if he was paired with a chairman who has an international reputation, as growth for RIM is largely international, in the technology or communications arena -- somewhat like the recent pairing of Meg Whitman and Ray Lane at Hewlett Packard."

RIM did not respond to our request to comment for this story. **ECT**

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### RIM Reset Puts New CEO and Chair in Charge

January 23, 2012



Mike Lazaridis and Jim Balsillie are finished as Research In Motion's coCEOs and cochairmen. The two will remain on the company's board, but Thorsten Heins, formerly an exec in RIM's software, hardware and engineering department, will take the CEO position. Board member Barbara Stymiest will chair. Wall Street was less than enthused.

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January 07, 2012



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RIM's beleaguered co-CEOs may have to loosen their grip on the company in the weeks to come, but it's not likely to be a smooth transition of power. Mike Lazaridis and Jim Balsillie, who share both the chairman and the CEO positions, each own hefty chunks of stock. Despite RIM's downward spiral in recent years, the two seem determined to lead on.



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February 19, 2015



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