

# MANAGEMENT COMPETENCIES ARE THE KEY TO SUCCESS IN ANY COMPETITION

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## Abstract

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The Russian telecommunications market has undergone tangible changes over the recent years, influenced by various factors, including geopolitical events and changing consumer preferences. In his interview Khachatur Pombukhchan, the CEO of the mobile operator MegaFon, spoke about key trends in the telecom industry, the challenges it faces, prospects and trajectories of its development in the foreseeable future. In his opinion, amid economic turbulence an organized business process management system together with the presence of a top manager with management competencies and well-established interaction within the team play a particularly important role for the company.

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## Keywords

Russian telecommunications market, leadership culture, management competencies, leadership skills, effective manager, business management system, digital world.



- **Khachatur, you have spent many years working for a large retail company. To what extent does this experience help in managing the federal mobile operator?**

- It certainly helps. Retail is the business characterized by low net profit margins, a constant focus on costs and a large number of personnel, which requires strong competencies in staff management. You constantly keep seeking solutions on how to achieve greater efficiency at lower cost. Apart from that, the retail network operates 24/7, and this requires a high speed of response to any problem and fast solutions should these problems arise. Transactions for in-store purchases are processed and consolidated online, and any error with a product or a technical glitch, such as unavailability of checkout, has an instant impact on revenue. And these losses are irreparable. In this sense, experience in retail develops good skills in operational management of operational business.



The speed of decision making and its quality must be higher and better compared with others on the market. Then it doesn't matter what happens to it, even if it shrinks, you will still win on it.

- **What are the specifics and differences between these businesses?**

- If a person has stopped attending a retail chain, buys less or less than usual, this is immediately visible in the numbers. The operator's interaction with the client is indirect, through the service provided over a wireless channel: how a phone works, what quality of communication a person receives during a call, how the coverage works, how accessible the services are. Often we do not have the opportunity to understand online how satisfied customers are with the service. Negativity can pile up, this is reflected in NPS (approx. Net Promoter Score - consumer loyalty index). To define what specifically does not suit the user you need more thorough work with data and intellectual analysis compared with retail.

Moreover, in telecom the unavailability of services is much more critical for the client than in the retail business. Not finding the right product in one store, he goes to another. In our business if a client is left without a service, this is a reason for him to stop using the operator. Therefore, the focus is more on building long-term relationships than on quickly satisfying demand, as in retail.

At the same time, both in retail and in telecom the consumer cares about money regardless of the budget he spends on these services. For instance, in retail it is tens of thousands of rubles per month and this is a tangible part of the expenses, within which he looks for an opportunity to save. Hundreds of rubles a month are spent on communication services, which is significantly less, but people's sensitivity to these expenses is the same. Here our task is to build the right balance of price and quality, shaping long-term relationships with users, including through transparency of service tariffs.

The businesses are different, but the client's attitude is the same - they

want a quality service at a low price. As long as they get it, they are not bothered by the process. As soon as you stop giving something, the attitude to you as a service provider worsens in no time. Mistakes and errors made by an operator or retail chain lead to customer churn.

- **If you analyze a business from a cultural perspective, what makes company a leader?**

- For me this is nothing impossible. If a company together with managers, teams and employees believes nothing is “impossible”, it means that the leadership culture is well developed. Leaders are those who are ready to become pioneers and look for ways to do better than others, and, importantly, do not stop when everyone believes there is no more room to grow. They are defined by the desire to achieve more and win in a competition race.

This type of culture should be shaped by the CEO and the top team, who then share it at all levels. Then it permeates the company, which starts to operate at a different quality level. First, you need the instigator, then his associates, and then a critical mass of employees who support the culture turn it into an independent driving force of all processes. It can not be forced or happen due to job description. Culture works when the team shares it, seeing what opportunities it creates, and only adds value to the extent that it allows people to unite and achieve both common and their own goals. If everyone stands up and sings an anthem, dances a ritual dance, this is not a culture, this is a sect.

- **What distinguishes a manager-leader from just a manager?**

- In my opinion, not every manager must be a leader. The lower the level of a manager in the company's structure, the less important his leadership role and the more important his executive and expert role. The smaller your team, the less you can achieve through leadership initiatives, and the more you can achieve through expertise. And vice versa, the higher your position in the structural hierarchy, the more significant your leadership qualities. The leader's task is to ensure the achievement of the goals set and effective results through the strength and potential of his team.



Understanding the price and quality standards for each individual client, and offering the solutions they exactly need is the future of the telecom market.

- **It turns out that the CEO is always a leader?**

- In my understanding, the CEO must be a leader. He brings together a team, motivates, sets the trajectory and goals, and creates opportunities to achieve them. But his “leadership” must be assessed by the company's

performance. If, for instance, a business loses its position on a stable market or does not develop on a growing one, it means that the leadership of its managers is weaker compared with its competitors. Financial resources, human capital and opportunities are available to everyone. They win due to leadership ambitions and the team. And in this sense, the managerial competencies of the CEO play a key role in any competition.

**- Is leadership innate or acquired; is it possible to develop leadership qualities?**

- Like any competence, leadership can be developed, and there are many scenarios for this. People come into this world without any skills - they don't know how to speak, walk, read, write, and they learn everything in the process of life. No one diminishes the role of talent, but the system always beats class. If you need leadership skills and you purposefully invest in their development, you will be a better and more effective manager than someone who acts by intuition. Focus, discipline and consistency always bring about results.

**- How to effectively manage a large business today in the context of constant change?**

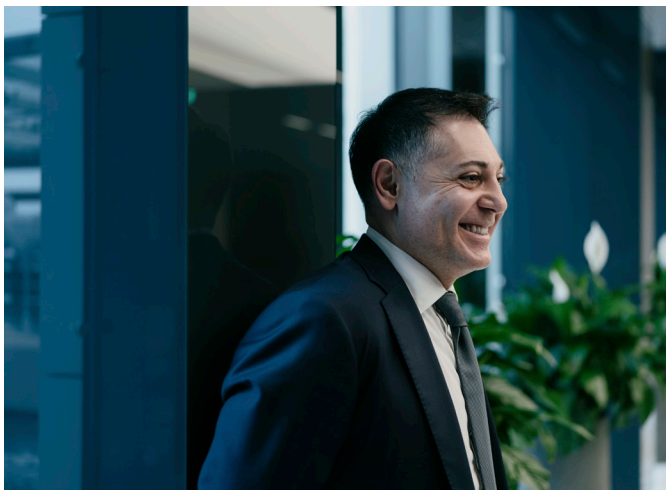
- You need to learn to manage any business in the context of change. The world is changing and that is normal. Over the past 150-200 years, it has not only developed rapidly, but this speed is growing every year. And when the environment is constantly changing, your system of management, goal setting, prioritization, interaction within the team, communication with people must work fast. This sets its own requirements and restrictions on the speed of decision-making. You must quickly understand what has changed, how it affects you, and what to do to use these changes for the benefit of your business or minimize their negative implications. The speed of decision making and its quality must be higher and better compared with others on the market. Then it doesn't matter what happens to it, even if it shrinks, you will still win on it.

The business management system must provide the required flexibility - then the business will be sustainable. And this, in turn, depends on how people inside are able to find such interconnections of what is happening that allow this business to improve and use changes as opportunities, and not as problems or limitations. From any, even the most negative scenario, you can benefit or find a competitive advantage - at least, lose less than others.

**- How to shape a business strategy in such conditions?**

- In my understanding, now the most effective strategy is the one that sets the right trajectory for development and the boundaries you should not cross, and formulates a set of necessary steps to improve the business within a given time frame. Be it an investment program, or reaching a new level of productivity, or automation. This is a set of priorities that determine the trajectory and path of development of the company, but not clear goals for individual parameters.

It is almost impossible to predict scientific and technological progress, market landscape and the political context. The system of adaptation and constant focus on the priorities which underlie business sustainability are now a strategy.



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## - How will the telecommunications market develop in Russia?

- It's no secret that telecom is gradually turning into "commodity", i.e. a product we sell to people - SMS, minutes, gigabytes. Most likely, it will be compressed to gigabytes; people will go more digital, for instance, using instant messengers for voice and video communication. It is logical that the operator's focus will be on prime cost to become a so-called "pipe" for data transmission. At the same time, many players enter ecosystems and create additional services based on telecom, which in a certain way "ties" clients who, when changing operators, are not ready to give up a set of familiar services.

I believe that the development of the market lies in monetizing the benefits of access to the user. There is no other business so close to the client - we ensure their connection with the digital world. It doesn't matter what they use, a phone with a SIM card, a watch or headphones, their window into the digital world will be a telecom operator. This gives us unlimited access both in terms of understanding our client and anticipating their needs. Another question is how we work with what we know about them. How we study this, what predictive models we build. It all comes down to offering the client what they need today, and better yet, what they will need tomorrow.

And this knowledge about clients does not oblige you to build your own platforms to meet their needs. In my opinion, any specialized solution, streaming music, games, ticket sales, rental housing, will do this better and provide higher quality. It is sufficient to ensure simple and quick access to the products most in demand for the client at the best price, to become their guide in the variety of digital services, which are often difficult to understand on their own.

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