

Nadir Mohamed was Ted Rogers' golden boy, a fellow workaholic and one of his inner circle of advisers. He beat out Ted's kids for the top job. Now all he has to do is keep them—and 10 million customers—happy **By Michael Posner**

The New Mr. Rogers

TED ROGERS WAS ONE OF Canada's boldest, canniest and most colourful entrepreneurs. He bought a single FM radio station in 1960 and, over five decades, built it into a \$19-billion empire. For his company, Rogers Communications, and its myriad stakeholders, his death at the age of 75 last December—from congestive heart failure—could not have come at a worse time. The economy was gripped by the deepest recession in 70 years, and intense competition was looming in the wireless sector, not only from rivals Telus and BCE, but from a trio of start-ups, all itching to poach dollars from Rogers' groaning table of subscribers. The future of the company would rest on the shoulders of Ted's successor.

Several obvious candidates were close at hand, including two of Rogers' children: his 40-year-old son, Edward Samuel Rogers III, then president of the company's cable division; and his 38-year-old daughter, Melinda, the senior vice-president of strategy and development. Edward had made no secret of his succession ambitions. Melinda was said to hold similar aspirations. Both were to be denied. Three months after Ted's death—a long interregnum for a blue-chip organization—the board of directors finally announced its choice: Nadir Mohamed, the 53-year-old, jazz-loving, tennis- and squash-playing president and COO of Rogers Communications.

Virtually unknown outside the telecommunications world, Mohamed was a recognized star within the industry. He had been with Rogers for nine years, after being hired away from BC Telecom. He'd reported directly to Ted, worked closely with him, and for more than a year had been a key member of the Office of the President, an inner sanctum of four senior executives (including



The chosen one: Mohamed's biggest challenge will be improving customer service—cleaning up Rogers' reputation as an "evil empire"

the board chair, Alan Horn, and CFO Bill Linton) that convened weekly. Although the patriarchal Ted bathed in the afterglow, it was Mohamed who turned wireless into the company's most profitable division, generating 55 per cent of total revenues, flowing from roughly eight million subscribers.

A chartered accountant by training, Mohamed demonstrated both the requisite financial skills and mastery of the industry's technological complexities. Alek Krstajic is a friend, former colleague and—as CEO of the newly licensed wireless carrier Public Mobile—soon-to-be rival. Mohamed, he says, “is simply the top telecom executive in the country. And the others are very good, believe me. Nadir has huge grey matter. He’s always looking for an interesting way to approach a problem. That’s part of why he rose through the ranks.”

Mohamed brought another critical asset to the Rogers succession sweepstakes: the gift of diplomacy. Few corporations are as political as Rogers—just ask any former executive. An ability to navigate the corporate culture is almost a prerequisite for upward mobility. Mohamed’s seemingly effortless ability to manage not only the mercurial Ted but also Edward and Melinda and their ambitions is what distinguished him. He plays politics the way Roger Federer plays tennis: he covers the whole court, seldom breaks a sweat and almost always wins.

Mohamed jokes that he got along with Ted by “not thinking about it too much.” Despite the differences in their personalities, they shared the same objective: how to win in business. “We might have chosen to execute differently,” he says, “but we both had the same passion, the same sense of what it would take, the same work ethic. He valued debate. He liked being challenged, but of course he had the final vote.”

Mohamed was considered the clear favourite of both the Rogers board and of Bay Street; the latter made its preference for his stable, essentially predictable helmsmanship known repeatedly in the press. The board’s final decision was less a rejection of Edward Jr., whose prodigious work ethic is said to rival that of his late father, than it was an affirmation of the steady-as-she-goes philosophy. Your time will come, the board was implicitly telling Edward, but not now.

So why the long delay between the founder’s passing and the appointment? Nader Elm, a former senior director of Rogers’ digital media division, thinks it was the result of Mohamed’s tactical shrewdness. The Rogers family trust still owns some 91 per cent of Rogers Communication’s class A voting shares. With their father’s death, Edward and Melinda have been named chair and vice-chair, respectively. Mohamed took the time to negotiate a safety net, a contract that would allow him to run the company unfettered, and

that would compensate him fairly if the net somehow failed.

NADIR MOHAMED’S ARRIVAL in his newly fashioned CEO suite on the 10th floor of the Rogers building in midtown Toronto—Ted’s corner chamber has been turned into a conference room—underscores the rapidly changing demographic of Canada’s executive boardrooms. The son of Indian emigrants to east Africa, Mohamed was born and raised in Dar es Salaam, the capital of Tanzania. The family is Ismaili, members of a vast (15 million worldwide), geographically diverse sect of Shiite Islam that includes such other prominent Canadians as the former federal MP Rahim Jaffer, CNN’s Ali Velshi, and the actor Aliza Vellani, star of the TV sitcom *Little Mosque on the Prairie*. Mohamed’s wife, Shabin, also a CA and from east Africa, is Ismaili as well.

“I felt like I was the most blessed person on earth, blessed with a tremendous upbringing, experiences that you’d die for in terms of exposure to the Indian and Muslim cultures.” When he lectures business students today, he frames his diverse background as a distinct competitive advantage. “It gives you perspective,” he says. “It helps you look at things differently.”

By the time he finished high school, his parents had relocated to Vancouver. Mohamed joined them there in the early 1970s, completed a commerce degree at UBC and then, while earning certification as a CA, worked at Price Waterhouse. Zahir Karim, a Vancouver finance manager, met Mohamed in the early ’70s at the Aga Khan Cricket Club. Every Saturday, he recalls, Mohamed would drive his car—he was one of the few team members to have one—all

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Mohamed learned the virtues of entrepreneurship and hard work from his father, Husein, who owned a hardware store in Dar es Salaam. One of Nadir’s most vivid memories is of sitting up late at night with his mother, Gulbanu, waiting for his father to close the store and return home. While he waited, he was treated to a stubby bottle of Coca-Cola with peanuts in it, “a big treat for any kid in east Africa and one of the most wonderful things in life.”

In time, the elder Mohamed was able to send his teenage son to Kelly College, a boarding school in Devon, England. It was a kind of insurance policy. “There was always a sense that we might have to leave east Africa,” Mohamed told one interviewer, “and education was considered the only global passport. Nobody can take that away from you.”

An outsider in the fiercely competitive British scholastic environment, Mohamed nonetheless thrived. Academic achievement and athletic talent—in tennis, cricket and soccer—helped him fit in, but his social graces aren’t learned or studied; they’re innate. “I never saw these things as chal-

over the city, giving rides to other players. On the pitch, Mohamed was considered an all-rounder—the same term applied to him today in a quite different context—and very intense. “I never saw him give less than 100 per cent,” Karim recalls. Some years later, Karim bumped into him in Toronto. “He was the same gracious personality,” he says. “He even asked me if I needed a ride to the airport.”

Mohamed’s move from accounting to telephony was a complete accident; when a friend was unable to keep a job interview with BC Tel, Mohamed took his place and won the post, in corporate finance. Called upon in 1981 to help draft plans for its new cellular division, he became hooked. “Those were three wonderful years,” he says, “and we had the first profitable company in the wireless industry.”

Later, Brian Canfield, then chairman and CEO of BC Tel, deputized Mohamed to study the impact of industry deregulation. Mohamed subsequently led BC Tel into virgin and ultimately lucrative business territories: data networking, the Sympatico Internet service and telecom cable.

“Nadir was a clear thinker and an effective communicator,” Canfield says. “I’m really sorry Rogers got him.”

At Rogers, where he was hired as COO and then promoted to CEO of the wireless division, he spearheaded the \$1.4-billion takeover of Microcell Telecommunications in 2004, a landmark acquisition that gave Rogers a domestic monopoly on the GSM (Global System for Mobile) wireless network. Now the global standard, GSM allowed Rogers to build a substantial technological lead over its two principal rivals, Bell Canada and Telus, an advantage it continues to enjoy. “The Microcell transaction made us number one,” Mohamed says. “A lot of our success came on its back.”

The day after the deal closed, Mohamed told his team that he intended to keep Microcell’s consumer brand name, Fido. “Didn’t we just take over the company?” they pro-

THE TELECOMMUNICATIONS landscape that Nadir Mohamed now surveys is about to change dramatically. Sometime next year, three new wireless competitors—Public Mobile, Globalive and DAVE Wireless—will roll out their services, targeting the fattest part of Rogers’ earnings. The years of the de facto oligopoly, guaranteeing high prices and high margins, are over. Meanwhile, Bell and Telus are collaborating on a new data infrastructure that will end Rogers’ GSM hegemony. In five years, possibly sooner, all the major players will be living on the same technology platforms, a levelling of the playing field that will likely erode share price valuations. The stakes are huge: Canada’s wireless sector is worth an estimated \$12.7 billion.

“Let’s not confuse technology with being at the same place in network terms,” says Mohamed. In other words, working on the

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tested. “Yes,” replied Mohamed, “but Fido built one of the best brands in the business. Why jettison that brand equity?”

The other key decision was to keep Microcell’s network—the fundamental building block in wireless—intact. Scrapping it would have pleased investors and saved Rogers many millions, but Mohamed insisted that combining the two networks—Fido’s urban reach and Rogers’ national footprint—would give the company a substantial advantage.

Time has vindicated that judgment. The wireless division subsequently registered 13 consecutive quarters of double-digit revenue growth, adding more than a billion dollars to free cash flow. And its churn rate—the rate at which it must find new customers to replace old ones—dropped by 50 per cent. Patrick Hadsipantelis, a former Fido vice-president of marketing, says Mohamed was behind the drive to improve relations with Rogers subscribers. “It was Nadir,” he says, “who rallied executives behind a common strategic goal: to shift the mindset of the company to a customer-centric vision.”

same technological platform and providing quality service are two different things. As for the new competition, the revenue pie has grown every time new players have entered the game, and it will again, he contends. The challenge, he says, is not in trying to keep every customer from defecting, but in keeping the business Rogers actually wants—the higher value customer. Mohamed insists that his company still has the most advanced network, and it will take a while for competitors to build one that matches it. In the meantime, he’ll continue to invest heavily in network improvements and support the latest cellular product innovations, as Rogers has with the iPhone and the Android (Google’s new smart phone).

Mohamed faces another serious test of his leadership: eliminating the stigma attached to Rogers for its often high-handed dealings with customers, what Toronto tech consultant Jesse Hirsh calls “its reputation as the evil empire.” Ted’s larger-than-life personality tended to absorb and deflect much of the customer animus. That cushion is gone.

Mohamed agrees. “This is going to be about service,” he says. “It’s an area I’d like us to do better in.” Treat customers with respect. Fix their problems. It sounds simple, but it’s critical. Faster networks and better products mean nothing if call centre switchboards light up every morning with irate subscribers. The increased use of bundling—Internet, wireless and cable TV sold in one convenient package—has only exacerbated the service problems. “There is so much inertia,” explains Elm. “It’s very hard to change an organization’s systems and culture. How do you get a person in wireless to fully appreciate a customer complaint from cable?”

That is precisely the issue. The long-touted integration of wireless mobility and broadband delivery makes it all the more urgent. The more people begin to use smart phones for everything from e-mail to Web surfing to watching TV, the more important seamless service becomes. Convergence is bearing down on us all. “That marriage,” says Mohamed, himself a BlackBerry addict, “is going to drive our industry and the future of Rogers.”

UNDER MOHAMED, the Rogers empire will be a less theatrical environment than the one governed by its freewheeling founder. But it won’t necessarily be more conservative. “Nadir’s not risk averse,” says Krstajic. “He’s analytical, but he’s also creative. Ted was that way and so is Nadir.” And if anyone questioned Mohamed’s confidence in his company’s future, he silenced them last May, when Rogers announced plans to buy back \$1.5 billion worth of its stock over the next year—a signal to the market of robust corporate health.

Still, when he steps off the elevator on the 10th floor, the sign that greets him doesn’t read “Mohamed”; it reads “Rogers.” The path to his office takes him down a hall called Loretta’s Walk, named for Ted’s widow, and past eight of her paintings. A few years ago, at a 50th birthday party for Mohamed, Alan Horn suggested to him that, if he played his cards right, another sign might one day grace the 10th floor aerie—one reading “Mohamed’s Alley.”

One day. In the meantime, there are these visible reminders, as if more were needed, that an implicit part of his mandate is to groom a Rogers scion—likely Edward—for the top job. It may not happen for five years, or even 10, but at some point, Mohamed will likely arrange to bump himself into the chairman’s office and allow the family to reclaim the sceptre of power. Ted would doubtless approve. **END**