

Operations and strategies of bell canada enterprises



**ASSIGN
BUSTER**

BCE Inc. is Canada's largest telecommunications company for almost 25 years. It is established by Charles Fleefore Sise in 1880. This company provides wireline voice, wireless communications services, Internet access, data services and video services to residential and business customers. It is headquartered in Quebec, Canada and employed 50,102 people. The subsidiaries included Bell Aliant, Northwestel, Telebec, and Northern Tel. (Company Profile, 2009)

BCE Inc. operates in three segments: Bell Wireline, Bell Wireless and Bell Aliant. Bell Wireline provides telephone services mainly in Ontario and Quebec. They are included local telephone, long distance, internet access and information and communications technology (ICT) solutions and other communications services. Bell Wireless provides wireless voice and data communications products and services across Canada. Bell Aliant provides local telephone, long distance, Internet, data, video, wireless and other ICT services for customers in Canada's Atlantic Provinces, and in rural areas of Ontario and Quebec. BCE also provides telephone service to the customers in Alberta and British Columbia through its Bell West unit and northern territories through Northwestel (Company, 2009). BCE provides high-speed Internet services to more than two million customers in Canada under the Bell Internet brand through digital subscriber line (DSL) technology.

The company set a clear goal for themselves- "for Bell to be recognized by customers as Canada's leading communications company – and instituted a strategy to deliver a dramatically better customer experience, while attaining a competitive and cost-efficient operation structure." (Annual Report, 2009)

<https://assignbuster.com/operations-and-strategies-of-bell-canada-enterprises/>

Current Business

Current Products, Services and Operations

Bell Canada Enterprises (BCE, Bell) is the largest communications company in Canada providing a number of different services to people all across the country. BCE has three main segments in operation Bell Wireline, Bell Wireless, and Bell Aliant providing different services to people to make their life easier and more efficient. Bell provides wireline voice and wireless communications services, internet access, data services and video services to residential, business and wholesale customers (Reuters, n. d). The company has a number of other interests which include CTVglobalmedia incorporated, Skyterra Communications inc. and entities that operate the Montreal Canadiens and the Bell Centre in Montreal. The company recently acquired The Source Electronics and the remaining part of Virgin Mobile Canada (Reuters, n. d). Bell continues to be an ever growing company that continues to lead the way in the field of communications in Canada by continuing to expand its products and services.

Bell Wireline provides telephone, data and other communication services to residential and business customers in Ontario and Quebec but also offers services to businesses in Alberta and British Columbia. With the sale of local telephone, and long distance services under the Bell Home phone brand with internet service under the Bell Internet brand. The company also provides home television service to its customers under the Bell TV brand. Bell provides all necessary wireline services for any business or resident that decides to go with the company (Reuters, n. d).

Bell Wireless provides wireless voice and mobile communication products to residents and businesses across Canada. With the sales of cell phone services being the biggest part of this segment of the company through the operations of Bell Mobility and Virgin Mobile Canada, along with wireless product sales from The Source (Reuters, n. d).

BCE currently owns approximately 44. 1% of Bell Aliant a segment of the company that provides local telephone, long distance, Internet, data, video, wireless, information technology (IT) services and products and other ICT services to residential and business customers in Canada's Atlantic provinces (Reuters, n. d). The company competes with a number of other providers to deliver services to Eastern Canada as it continues to grow the brand throughout Canada.

Current Sales and Marketing Strategies

Marketing, is a branch of the business where the company generates interest within the general public of their product. This area of business hooks, and latches on to the customers with the purpose of making the consumer a customer for life. Marketing is a vital component of the company and it is one of the main reasons companies can grow and expand. Bell Canada Enterprises owning one of Canada's largest telecommunications provider; competing with Rogers needs to have great marketing ploys to attract and keep customers. With the introduction of the internet companies are able to target a broad number of people with cost effective methods. A few examples of ways consumers are targeted over the internet are E-mail marketing, search engine marketing, online campaigns, online media

planning placement and social media optimization. To keep customers another cost effective technique is mobile marketing.

Everyone uses e-mail communication which is slowly edging out the pre-historic “ snail-mail” (reference of using postal service). The e-mail is a great tool because it requires no cost to send; the message is sent instantaneously; and users can always keep their sent mail to refer back to. This provides company with a great way of communicating with current and potential customers. Bell Canada uses this to sell it’s product by e-mailing current customers on new products being offered, and emailing consumers on new products and promotions. It allows Bell to reach a mass amount of people without exercising major costs.

Search engine marketing is another way a lot of companies advertise. Everyone who owns or has access to a computer uses a search engine at least once a day. This makes placing ads on these search engines a great opportunity to generate public interest and attract consumers. Placing ads on search engines can be expensive but the exposure the ads gain provides a good cost to benefit ratio.

Bell also contacts consumers via telephone (home-phone). They use call-centers to call house-holds and market their products. Telemarketing however annoying it may seem when getting a call during dinner time is proven effective. With the recent boost in cellular usage a less annoying but as effective way to reach customers is via SMS messaging. SMS messaging is cheaper, because it cuts the costs of employing call centers . However the SMS can only be delivered to already existing customers. Which does not get

the company new customers but it does help them promote packages and products.

Social media presents a huge marketing opportunity for firms. Bell Canada uses this as an opportunity to garner public attention of their products by having their own Facebook page. Also they run ads on Facebook to broadcast themselves to the young and old who use Facebook. Social media is not just limited to Facebook and MySpace it also includes Youtube. Youtube allows Bell to run ads for free; it is the single most cost effective way for Bell to gain consumer exposure of its products. It is limited to whoever searches for Bell on Youtube but the fact that it's free to upload videos makes the cost to benefit ratio very appealing. Bell just doesn't post commercials on Youtube it also advertises on Youtube as well.

Marketing has evolved over the years. In the past it was just running ads on TV, telemarketing, banners and flyers that got the job done. Today the internet has put those archaic methods to a limited use. Bell has changed its marketing techniques with the time and uses the internet to its full marketing potential.

Current Finance and Accounting Strategies

The management of BCE Inc. established a system of internal controls to assure the accuracy and completion in all material respects of the financial statements and the assets are properly accounted for and safeguarded. " This is supported by an internal audit group that reports to the Audit Committee, and includes communication with employees about policies for ethical business conduct" (Annual Report, 2009). The process of reporting

financial statements is under the supervision of the President and Chief Executive Officer and the Executive Vice-President and Chief Financial Officer of BCE to provide assurance regarding the reliability and the accordance with generally accepted accounting principles for internal and external purposes.

External auditing companies such as Deloitte & Touche LLP, Independent Registered Chartered Accountants, have audited the accompanying consolidated balance sheets, and the related consolidated statements of operations, comprehensive income, deficit and cash flows. They also conducted their audits in accordance with Canadian generally accepted auditing standards and the standards of the Public Company Accounting Oversight Board. The audits include “ examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation” (Annual Report, 2009). Overall, BCE has effective internal control over financial reporting.

Current Technological Strategy

BCE is the largest communications entity in Canada, providing nationwide, reliable networking services to businesses and residents. To achieve this status, BCE has continued to push forward with leading edge technological advancements and strategies, covering a whole spectrum of services available, such as high speed and wireless internet communication, satellite television and local and long distance calling. A fundamental business step in attaining a successful company is first having a solid information and communications technology (ICT) strategy (BCE, 2010).

<https://assignbuster.com/operations-and-strategies-of-bell-canada-enterprises/>

Bell Canada Enterprise base their ICT strategies on being able to support government and enterprise establishments. They develop their products on connecting businesses to other businesses as well as customers. BCE also continues to upgrade internally, by investing 10% of their revenue into resources and development, to further their own effectiveness as well as recruit top talent to the company. They invest another roughly 3 billion dollars annually into their network, operating and business support systems.

Another area incorporated in the technological strategy is Bell Canada Enterprise regularly works together with other leading technological companies to co-construct more innovative technologies which strengthen services the company provides, as well as increase productivity within.

All enterprises today must be environmentally aware and continue to implement green issues in their technological strategy. Bell Canada Enterprise now bill customers through the internet, and by doing so they have eliminated 16. 6 million pieces of paper and 468 metric tons of greenhouse gas emissions, values that continue to grow. BCE also donates one dollar to the Nature Conservancy of Canada for every new client registration (BCE, 2006).

Bell Canada Enterprise continues to grow, helping businesses nation wide, and by upgrading their own resources, they are further capable of providing the services they offer. The next direction the company is beginning to take is investing and developing VoIP (voice over internet protocol), which is far from the final frontier of communication that BCE will develop and provide to the ever-growing business world.

Bell Canada Enterprises' Five Year Projections

Heading into the future Bell Canada Enterprises wants to continue to be the largest communications provider in Canada. In order to accomplish this, a five part imperative strategy has been put into place that will help maximize subscribers and revenue while improving on the reliable, consistent services that are already being offered to its customers. The five parts of this strategy include: Improving customer service, Accelerate wireless, leverage wireline momentum, invest in broadband networks and services, and achieve a competitive cost structure.

Improving customer service is BCE's top priority as in order for the company to remain competitive, delivering excellent reliable customer service is must. That is why the company is executing programs such as Same Day Next Day service which enables the company to try and fix any problems with its wireless or wired service from its office first. If that fails they will send someone to the location within 24 hours to solve the problem. The better training of call centre, field service and channel teams enables them to be more efficient when dealing with customers and help provide the customer with the answer they are looking for.

Accelerating wireless is another top priority as there is expected to be a continued grow in data usage. That is why the company is investing heavily into state-of-the-art broadband networks, devices and services that can provide the fastest service offered on the market. This provides the leverage the company needs to attract businesses and residents to its services allowing the company to expand. However, speed and reliability don't

provide all the necessary leverage as to achieve maximize subscribers and <https://assignbuster.com/operations-and-strategies-of-bell-canada-enterprises/>

revenue the company must offer competitive prices. This is done by building the most cost-effective company possible and maximizing efficiency and productivity of everything that is done within the company.

Corporate Strategies

Globalization and Adaptation

In today's business market, globalization is essential for an enterprise. For a company to turn maximum profit, it must be able to reach and appeal to a number of different clientele, as well as exchange resources and technology. As the top communications provider across Canada, there are few areas nationally that are not covered by BCE thus, BCE has currently begun to touch other areas of the world.

Bell Canada Enterprise has grown to become the monopolistic communications provider throughout Canada by continuing to buy resource technology from smaller companies such as Northern Telecom, and joint-fund more research together (Canadian Journal of Communication, 1993). Through this purchasing of technology from other companies, or of the companies themselves as a whole (the purchasing of Virgin Mobile), then applying these resources and ideas within their own networks, BCE has been able to adapt to changes in technologies as they are discovered. As "smart" technology has been released by companies such as Apple and R. I. M, Bell has been able to make these phones compatible on their wireless and mobile networks. They have also continued to keep up with the television business, making their Bell Direct TV satellite frequency serviceable to advancements in high definition televisions.

Building off the their ability to reach most of the nation through television, Bell Canada turned their eyes off of Canada, and to the entire world during the recent 2010 Winter Olympics and Paralympic Games. Bell retained the exclusive rights to be the partner of the Vancouver Olympics, built the network which broadcast every telecast of the games, making Bell the sole providers of every Olympic image seen on televisions throughout the world (Bell Canada Enterprise, 2010).

Having completed projects and adapting to these changes, Bell can only continue to prepare to make new technologies compatible on their networks, and build off their success in delivering television signals to the entire world. With the demand for entertainment and convenience constantly growing in the economy, Bell will continue to globalize, in order to stay ahead of the game.

Corporate Responsibility Adaptation and Projection

“ Corporate responsibility have been a central element of Bell’s operation since the company’s founding 130 years ago, and it remains a primary commitment of every member of the Bell Canada Enterprise team today” (Corporate, 2009). Bell uses a diversity strategy to maintain a high standard of corporate responsibility. They comply with the employment equity requirements to aim for the four federally designated groups in recruiting, retaining and promoting (See Fig 1- Senior Management Positions – BCE). The four federally designed group included women, visible minorities, aboriginals and people with disabilities.

“ For the seventh consecutive year, BCE received a perfect 10/10 rating from Governance Metrics International in its 2009 global corporate governance study” (Corporate, 2009) All employees must review the BCE Code of Business Conduct regularly and complete an online training course to ensure that they understand the contents. Moreover, BCE require all directors, officers and vice-presidents to declare annually that they obey principle and rules of the conduct code and support the standards (Corporate, 2009). Their objective for 2010 is to “ remain a leader in corporate governance and ethical business conduct by maintain best practices, transparency and accountability to their stake holders” (Corporate, 2009)

BCE is a very responsible and active company by making a significant investment in the local communities. Through the annual program of Walk for Kids Help Phone, they have raised more than \$18 million in eight years. This funding are used for providing service, information and counseling to young people. In addition, employees and retirees collect school supplies for kids in need through the program of Backpacks for Kids. Since 2004, this program has contributed more than 17, 000 backpacks to schools and community. In 2009, “ Bell Canada and Bell Aliant together contributed more \$13 million in charitable donations. Employees and pensioners committed more than \$2. 1 million in charitable gifts and logged nearly 43, 000 hours of volunteer time” (Corporate, 2009). Their 2010 objective is to contribute to the well-being of society through their community investment programs.

Business Strategies

Technological Projection and Adaptation

As technology continues to advance, BCE must continue to keep up with these developments to entice customers to their market. With demand for specific products changing day to day, Bell strives to stay the principal communications enterprise in Canada.

Bell has recently released that they will be changing their internet service to the new Fiber to the Node-based (FTTN) broadband internet service, to provide a “next generation” internet experience. The fiber is driven to a node roughly 3,000 feet near the location, then a copper-based VDSL2 connection is used to connect the internet service to a customer. This idea will differ from the current fiber broadband service, in which the fiber is carried to the side of the customer's home (Bell Sympatico, 2010).

Bell currently runs on a 3G wireless network, but with the growing technology, BCE is upgrading to a HSPA (High Speed Packet Access) network, which will set the foundation for their eventual upgrade to the faster 4G LTE wireless network. The 4G network is the future of broadband mobile data speeds and multimedia for personal devices (BCE, 2010).

Human Resources Projections and Adaptations

Bell Canada Enterprise governs its business by putting into place strong policies and systems to guide the activities of the company in the right direction. This has been done by making sure that everyone within the company from the lowest level to the highest one maintains their ethical standards and practices while continuing to exceed the requirements and

expectations of the public and the shareholders. This high standard is not limited to the employees of the company, but is also upheld for the people that do business with the company. The company seeks quality products and services from its suppliers while expecting them to act responsibly within the marketplace while also respecting the environment. The demand for high standards and the implementing of strong policies and practices has allowed the company to continue to grow through the years and will help lead the company into the future.

Even with this high standard the company has maintained that a successful company is one when the employees are happy with where they work. Believing that work shouldn't just be a place to go every day but be more of a place you want to go and be actively involved in. This is done by creating a dynamic working environment by encouraging its employees to never stop learning and engaging in the decision making of the company. This creates a sense of company pride that is expected to show through in all work that is produced by the company whether it is with helping a customer to the improvement of broadband service. In doing this the company has scored a perfect 10/10 from rating agency GovernanceMetrics International in the global corporate governance study.

Bell has also been a leading company in diversifying the work place with Bell Aliant leading the way in this department. With the hiring of a diverse workforce Bell Canada Enterprises has been able to connect to Canada's multi- cultural society. This has lead to Bell Aliant being recognized as one of Canada's Best Diversity Employers in 2009, as part of the Canada's Top 100 Employers project.

<https://assignbuster.com/operations-and-strategies-of-bell-canada-enterprises/>

Marketing and Advertising Projections and Adaptations

As we have discussed earlier marketing is a key component of a companies growth. Bell Canada Enterprises which faces fierce competition from the likes of Rogers Communications, so it needs to keep energizing old and potential customers. In Chapter ____ we talked about current and sales marketing strategies. These strategies were mainly related to the internet and social media advertising. This trend will definitely continue in the future. The advertisement of future products and plans will greatly be induced in social media outlets.

Companies are quickly realising the amount of useful information sites such as Facebook have. Facebook and Myspace as well as other social media sites contain a host of information on the users likes and dislikes; tastes in fashion, technology, and food. People on these sites often posts problems they are having with current corporations dealings. If one reads BCE's Facebook page it is full of complaints that current customers have with the company's telecommunications branch. Now this may seem like terrible a terrible publicity but one must consider that the only people who go on Bell Mobility's Facebook page are current users. So this helps Bell realize what it's doing wrong and fix it. BCE and other companies use crawlers to gather information from people's profiles. They then use this information to send personalized ad campaigns to the consumer.

SWOT Analysis

Strengths

One of BCE's biggest strength is the fact that it is already established itself as a major name in the telecommunications market. It is no up-start company vying for notoriety. Just about every Canadian citizen knows that Bell Canada is a telecommunications company. It is second largest in terms of subscribers for wireless operations and owns a majority of the network access lines in major residential areas. It is one of the nations leading digital television providers with 1. 8 million subscribers. The number of internet subscribers are 2. 1 million which is the most of any company. Bell holds a chokehold in telecommunications coverage in Toronto and Montreal which are major populous areas. BCE also owns a 44. 2% stake in Bell Aliant which is the major telecommunications provider in Atlantic Canada. According to industry analysts, total wireless subscribers in Canada are supposed to increase to by 6million users by 2013. Overall the branding of BCE and its longevity thus far will keep BCE in a prominent position in the telecommunications market.

Weaknesses

We discussed how Bell is a major force in the Canadian telecommunications market which is also its biggest weakness. The figure of a growth of 6 million represents a total 29. 5million people on cell phones by 2013. Canada only has a population of 33. 3 million; this is not enough for major growth to occur within the company. Also the company's wireline segment has decreased. This accounts for about 55. 8% of the company's revenue. If this segment decreases then profits will conversely decrease in the future.

<https://assignbuster.com/operations-and-strategies-of-bell-canada-enterprises/>

Opportunities

BCE has invested its money in promising areas in order to capitalize on future opportunities. These future opportunities include in the broadband high-speed internet market which is rampantly growing. It is increasing rollout of its FTTN and plans to add a HPSA network alongside EVDO. The DTV market is also growing and Bell is already a strong player in this market. BCE owns a 100% stake in Virgin mobile expanding its coverage beyond Canada. It has also bought out the retailer The Source which sells electronic goods with over 750 high traffic locations across Canada.

Threats

BCE faces threats from all aspects of its business environment. Notable threats are from Rogers wireless and TELUS for wireless services and internet.

Industry Analysis

The wireless telecommunication industry is defined as “ an industry is including cellular (mobile) phones, pagers and any other wireless or cellular telecommunication service. Revenues are based on payments to operators of all of these services for subscriptions and usage” (Industry, 2009). The Canadian telecommunication is an increasing industry with total revenue of \$14. 8 billion and a compound annual growth rate of 11. 3% during 2005 to 2009 (See Fig 2). In addition, it “ generated a total economic value – the total value of direct GDP contribution, output multiplier and consumer surplus of \$39 billion for the Canadian economy” (Industry, 2009). This is a very intensely competing industry due to the low level of service differentiation.

Companies are competing each other through brand awareness, functionality and value pricing to attract more customers. Competition will increase as a result of new technologies and services in the future. Competition will also increase to the extent that new firms enter the market if additional radio spectrum is made available for commercial wireless services” (Industry, 2009). The market will become more intense as it approaches higher saturation.

Three leading companies in this industry are Rogers Communication, BCE Inc., and TELUS Corporation. Rogers accounts 37. 2% and BCE Inc accounts 30. 6% share of the market (Industry, 2009). Based on the financial ratios in 2009, BCE Inc. did not have great financial situation when compared to Rogers and TELUS. From the Fig 5 on Appendix A, Bell had pretty low profitability ratios, which means investors did not earn as much money in comparison with Rogers and TELUS. In addition, Bell had the lowest return of assets ratio among the two top competitors means that it earned less money per dollar of assets. Consequently, Bell did not utilize its assets to net income as effectively as its competitors. However, Bell had well control on its costs in the industry. It was able to convert its sales into actual profit effectively. Based on current ratio, Bell was unable to pay off its obligation on time. A current ratio with 0. 69 means that for every dollar of current liability, Bell only had \$0. 69 of current assets (FP Infomart, 2009). In another word, Bell did not have the ability to turn its product into cash more easily. When compared with the industry, Bell had weak and unstable financial situation. The Price/Earnings ratio indicates that Bell’s shares were selling at a price that was 12. 25 times its earnings per share. The P/E ratio is lower

than the industry ratio, means that the investors are paying less for each unit of net income. However, Bell had a higher dividend yield than its competitors and the industry. Generally, big figures of dividend yield will attract more investors to invest in a company. Therefore, Bell has more investors than Rogers and TELUS, which means more capital, will be brought into the company and result higher revenue.