Case NOKIA Mobile Phones
- The internal reasons why Nokia fell from 40 BN revenue to zero in five years

Ari Tikka, Ran Nyman
NOKIA mobile phone business
2004-2012 (million euros)

Figure by Christian Sandström

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Nokia Mobile Phones

Nokia Networks
NOKIA opportunity 1990

Aggressively grab the opportunities
- Great success in the beginning

“Just make it work” - engineers
- Trust and autonomy
- Success during the growth phase
- Ever increasing complexity

Business opportunities
- Crumbling Telecom monopolies
- Detailed GSM standard
- Talented workforce in Finland
- Ambitious leader Jorma Ollila

Organizational background
- 100 years of heavy industry
- Lack of experience in leading SW product development
- Technology over design
NOKIA Mobile Phones

Aggressively grab the opportunities
  - Great success in the beginning

“Just make it work” - engineers
  - Trust and autonomy
  - Success during the growth phase
  - Ever increasing complexity

“Just make it happen” - management
  - Fear disconnected the organization
  - Superficial decision making
  - Failed to respond to competition

Situation 2007-2011
  - New competitors, new game
  - Technology constrains design
  - Coordination chaos

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Management by Fear
Case NOKIA Mobile Phones

Study

- Quy N. Huy at INSEAD and Timo Vuori at Aalto University
- Three rounds of interviews with 76 former senior managers

Sources:

http://www.enterprisegarage.io/2015/12/case-study-how-nokia-lost-the-smartphone-battle

http://knowledge.insead.edu/strategy/who-killed-nokia-nokia-did-4268
From top to bottom in 5 years

1. Top Management feared of competition and threatened the Middle Management
2. Middle Management misled Top Management because of internal fear
3. Top Management was over-confident and uninformed
4. Top Management was not technically competent to assess the situation
5. Wasted development effort, not acted on by top management
Management by Fear is a property of the system not because of the person.
A fragmented system causes fear

1. Paranoia. I have no clue what happens elsewhere. Opportunities are seen as threats.

2. As a (top) manager, I have no clue what is happening in my organisation. I have only one management tool: pressure.