Cope overhauls Bell, sheds 2,500 jobs

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The new chief of **BCE Inc.** swung the axe on 2,500 management positions yesterday, sending a message that the country's largest phone operator plans to be leaner and more responsive to customers when it becomes a private company at the end of the year.

George Cope, who became president and chief executive officer just two weeks and a day earlier, said the layoffs, representing 6 per cent of Bell Canada's work force, reduce the average number of layers between a customer and the CEO to eight, down from 11.

"We've really taken the management structure and compressed it so we can move quicker in the competitive market," he said in an interview.

That competitive arena includes at least a half-dozen new players about to enter the lucrative mobile phone market after the federal government's wireless spectrum auction this month. It has also witnessed aggressive poaching of telecom customers by regional and national cable players, whose high-speed Internet technology has overtaken Bell's.

The job cuts were widely expected following agreement on the $35-billion buyout of the communications giant by Ontario Teachers' Pension Plan and its partners, and after Mr. Cope's ascendance to the top job on July 11.

Analysts say tougher decisions on strategic direction and investment lie ahead for Bell and probably won't be announced until the purchase is completed on Dec. 11. Not only does the firm have to become more nimble and competitive, it must also squeeze costs to be able to carry almost $32-billion in debt after the takeover.

Mr. Cope is in the unusual position of reporting to the public company's board while also enacting the new agenda of the future investors who tapped him as CEO.

The layoffs represent "the easiest and lowest-hanging fruit" for Bell's new management team, ***said Neeraj Monga,*** an analyst at ***Veritas Investment Research***.

The cuts represent about 15 per cent of all management, leading ***Mr. Monga*** to ask: "What were all these people doing?"

The layoffs could strain resources, put more work on other employees or effectively streamline operations, but it is hard to know without more detail. They will cost BCE about $250-million, based on an estimated charge of $100,000 per manager, he said.

Bell was vague in what functions it removes with these layoffs, but Mr. Cope said the cuts hit middle management in all departments and reach coast to coast. Although they are broad, they are directed more at the corporate side than the customer side, and they will have a smaller impact on the wireless business than other areas of the company.

The message to employees now is that the company is directing its resources to customer service. No further job cuts are planned at this time, he added.

Two-and-a-half years ago, Mr. Cope's predecessor, Michael Sabia, announced a program to trim between 3,000 and 4,000 jobs in the year.

Mr. Cope, however, positioned the latest layoffs as part of a broad strategy to change the way Bell does business. The buyout has created an expectation inside and outside the organization for dramatic change setting Bell on a new course, he says.

Analysts such as Carmi Levy, of AR Communications Inc., peg Bell Canada as the least agile of the country's three national communications giants. "The company needs to become lean and mean," he said. "The middle management layer had to go, [the cuts] had to be broad and deep. If it's just window dressing, then George Cope loses credibility."

On July 11, his first day on the job, Mr. Cope trimmed the senior executive ranks to 12 people from 17, and placed more emphasis on executives working with customers in the field.

In the months ahead, he is expected to sell non-core telecom assets and announce investments in Bell's networks to catch up with those of Rogers Communications Inc., Telus Corp. and other rivals.

It has become important to move quickly given that the buyout of BCE took so long to finalize, Mr. Cope said.