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Overview of the Demise of Nortel Networks and Key Lessons Learned

Nortel timeline – How Could This Have Happened?



2014 Working Capital: Ciena, Ericsson profit from shrewd buying at Nortel's fire sale

- **OTTAWA — Some made-in-Ottawa technology is about to get major global market exposure. Ciena Corp. and Ericsson are combining marketing operations of critical optical networking gear that supports the global boom in smartphone, data centre and Internet-everywhere traffic. The deal was a long time coming.....Ciena doubled in size with the deal and Ericsson got critical wireless gear that helped it keep slightly ahead of hard-charging Huawei and other competitors.**

BY BERT HILL, OTTAWA CITIZEN FEBRUARY 19, 2014

2011: Apple and Microsoft Beat Google for Nortel Patents

- **Nortel Networks, the defunct Canadian telecommunications equipment maker, says it has agreed to sell more than 6,000 patent assets to an alliance made up of Apple, Microsoft and other technology giants for \$4.5 billion in cash.**

By CHRIS V. NICHOLSON JULY 1, 2011

[HTTP://DEALBOOK.NYTIMES.COM/2011/07/01/APPLE-AND-MICROSOFT-BEAT-GOOGLE-FOR-NORTEL-PATENTS/?_PHP=TRUE&_TYPE=BLOGS&_R=0](http://dealbook.nytimes.com/2011/07/01/apple-and-microsoft-beat-google-for-nortel-patents/?_php=true&_type=blogs&_r=0)

2009: Nortel Asset Sale Sets Low Bar Ex-Tech Darling in Bankruptcy Sheds Cash Engine for \$650 Million

- **Nortel Networks Corp. , once valued at \$250 billion, may get less than \$2 billion for its assets as it sells them off in bankruptcy court, a humble end for a company that was seen as a major force in the Internet revolution.**
- **The Toronto-based telecom-gear maker, which sought Chapter 11 protection in January, set a low bar for future deals when it signed an agreement late Friday to sell the most lucrative part of its carrier network division, together with a research operation, for \$650 million, or nearly a year's earnings.**

By SARA SILVER Updated June 22, 2009

<http://online.wsj.com/news/articles/SB124562675767035655>

2009: Nortel Networks Files for Chapter 11

- **Credit Crisis Swamped It After Struggles With Weak Sales, Currency Swings and Rising Pension Costs**
- **Nortel Networks Corp. sought protection from creditors in the U.S. and Canada, falling victim to the economic downturn and years of struggle to turn around what was once Canada's largest company.**

By SARA SILVER and JOANN S. LUBLIN Updated Jan. 15, 2009
<http://online.wsj.com/news/articles/SB123193994047481129>

2005 Nortel plunges; TSE can't cope with flood of sell orders

- **It wasn't a good day to be a Nortel investor. In the space of a few hours, some \$80 billion worth of Nortel's market capitalization vanished as the market punished the one-time market darling for bringing in a less-than-perfect earnings report.**
- **The sell-off was so heavy that the TSE's computers couldn't handle all the orders. Just before noon, the exchange halted all trading in the stock and never allowed it to resume for the remainder of the day.**

CBC News Posted: Oct 27, 2000 5:51 PM ET

<http://www.cbc.ca/news/business/nortel-plunges-tse-can-t-cope-with-flood-of-sell-orders-1.225332>

Nortel: in 2000

- **At its peak in the middle part of 2000, Nortel employed about 90,000 worldwide, including 30,000 here in Canada. Guided by the leadership of then CEO John Roth, its stock hit an incredible \$124 on the Toronto Stock Exchange, where it accounted for more than one-third of all companies on the TSX in terms of valuation, with sales of its telecom optical equipment riding an all-time high.**

By Angus Gillespie

http://www.cbj.ca/features/feb_12_features/nortel_a_decade_later_former_ceo_dunn_and_two_others_stand_trial.html

1999: Nortel quietly takes the lead

- **But there is another important player in this market that has been ignored until recently: Brampton, Ontario-based Nortel Networks nt , a \$17.6 billion (1998 sales) telecommunications company with an emphasis on wireless and dense wavelength division multiplexing technologies and equipment. The company has been around since 1895 but, as a result of a lackluster marketing program, a series of botched products in the early 1990s and a failure to communicate effectively with the financial community, it hasn't been given its due on Wall Street.**

It's time to take a second look.

Vicki Contavespi 3/04/1999

<http://www.forbes.com/1999/03/04/feat.html>

1997: Canada's Quick-Change Artist; Nortel Goes From Big Loser to Big Winner in 4 Years

- **The company has gone from losing \$878 million in 1993 to earning \$623 million on revenue of \$12.8 billion last year, with profits forecast by Wall Street at about \$815 million for this year. And the only people on Wall Street who find Northern Telecom uninspiring these days are those who missed out on the share price's 73.8 percent rise this year on the New York Stock Exchange and 72.8 percent rise on the Toronto Stock Exchange, where the shares are also traded.**

By SETH SCHIESEL Published: October 6, 1997

<http://www.nytimes.com/1997/10/06/business/canada-s-quick-change-artist-nortel-goes-from-big-loser-to-big-winner-in-4-years.html>

2014 The objective of the study

- **In June 2009, Nortel Networks (Nortel), once Canada's largest company and a firm that had recently been number one in the global telecommunications supply industry, announced that it would sell all its business units and effectively end over 100 years of operations. A research study conducted by a diverse team from the University of Ottawa set out to learn why Nortel eventually found itself in this situation. The objective of the study was to identify lessons learned about corporate failure. We hope that these lessons learned will help leaders in organizations to identify critical failure factors; and thus, take steps to avoid following the path of Nortel.**

The Research Team

- ***Program Director, Jonathan Calof, calof@telfer.uottawa.ca***
- ***Telfer School of Management***
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 - Gregory Richards
 - Laurent Mirabeau
- ***School of Electrical Engineering and Computer Science***
 - Hussein Mouftah
 - Peter MacKinnon
 - Peter Chapman
- ***Faculty of Law***
 - P.M. Vasudev

Those interviewed and surveyed for the study

Method	Total*	Officer/Senior	Employee	Customer	External
Initial survey	343	60	265	53	127
Interviews	133	46	45	18	35
Final survey	57	20	18	8	13
Validation interview	22	11	0	7	6

*Note, in several cases respondents identified themselves as “wearing more than one hat” during the time frame of the study. As a result, in adding up officer/senior + employee + customer + external the number is greater than total number of actual interviews/survey responses.