

# THE WALL STREET JOURNAL.

## Losing Ground, BlackBerry Resets

By Chip Cummins

956 words

26 July 2011

[The Wall Street Journal](#)

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The Wall Street Journal - Print and Online

CTGWSJ

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English

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Research In Motion Ltd. said it will cut 2,000 jobs, almost 11% of its work force, the latest move in a make-or-break scramble to resuscitate its products and keep the company that essentially invented the smartphone from becoming an also-ran.

The BlackBerry maker has struggled to stanch its shrinking share of North American smartphone sales in the face of an onslaught led by Apple Inc.'s iPhone and products run on Google Inc.'s Android operating system. The company's long-time co-chiefs, Mike Lazaridis and Jim Balsillie, have promised to revamp their own devices.

But investors have dumped the stock amid profit warnings, product delays, executive departures and dwindling confidence in the two leaders' willingness to embrace big, strategic change.

RIM shares have lost more than half their value so far this year. Last month, the company warned it would shed jobs as executives promised to navigate the Canadian company through a "transition" towards more competitive products.

But Monday's job cuts were deeper than expected. Nokia Corp., facing a similar erosion of market share, cut or transferred about 7,000 staff in April. While Nokia is a much bigger company than RIM, the cuts at the Finnish device maker represented just 5% of its global work force.

It's also the first significant culling of staff at RIM in its short, super-charged history. In 2002, the company -- then just 2,000-employees strong -- laid off 200 people.

In recent years, RIM has added thousands of workers to keep up with demand for its BlackBerry phone. It more than doubled the size of its work force over the last four years. After the cuts announced Monday, RIM's work force will be about 17,000, the company said.

RIM also disclosed a series of senior executive changes, including the retirement of Chief Operating Officer Don Morrison, who had previously been on medical leave. The shifts didn't appear to satisfy shareholders, many of whom have called for a more wholesale overhaul.

RIM shares fell 4.4% to \$26.67 at 4 p.m. Monday on the Nasdaq Stock Market. It now has a stock market value of \$13.9 billion. By comparison, Apple's market cap has swelled to \$369 billion.

Robert McWhirter, head of Toronto money management firm Selective Asset Management Inc., sold the remainder of his 58,000 RIM shares about three weeks ago. He said he worries that RIM, which has always put a premium on the engineering that goes into its devices, will struggle to compete in a market now driven largely by the availability of applications for such devices.

RIM faces "significant challenges," he said.

The company has bought itself some time with its restructuring efforts. It has promised a line of next-generation BlackBerrys in coming months and years that executives say will compete better with iPhones and other, newer competitors.

Sales of BlackBerrys are still growing quickly in many overseas markets, and the company has little debt and a hefty cash hoard. It had nearly \$20 billion in sales in its latest fiscal year.

The stakes in the turnaround effort go beyond the company's tidy, corporate campus in Waterloo, Ontario, a few hours' drive from Toronto. Canada's economy is dominated by mining and energy companies, and RIM has long stood out as the country's most important technology firm -- one of the few Canadian corporations with a globally recognized brand.

It has also become an incubator for an eco-system of smaller companies that have created a high-tech corridor around Waterloo and its university that many liken to Canada's version of Silicon Valley. Amid RIM's recent troubles, the community has rallied around Messrs. Lazaridis and Balsillie.

"It's not the end of the road by any stretch of the imagination," said Ian Klugman, chief executive of Communitech, a non-profit support network for tech start-ups in the region. "It's a new road for RIM," he said.

Still, many Canadians have seen parallels between RIM's current woes and the meteoric rise and fall last decade of another Canadian tech giant: Nortel Networks Corp., which declared bankruptcy in 2009.

RIM placated some disgruntled shareholders earlier this month, promising to review a structure that allows Messrs. Lazaridis and Balsillie to serve as co-chairmen and co-CEOs. Investors and analysts have criticized the arrangement for discouraging an independent board from pushing back enough on strategic decisions.

Neither executive was available for comment Monday.

At RIM's annual meeting earlier this month, Mr. Lazaridis said the company was taken off guard by a smartphone "arms race" that exploded in North America with the debut of the iPhone in 2007.

RIM was slow to realize the threat and upgrade products that could capture new consumers while holding onto RIM's corporate client base.

During the last two years, RIM made several steps to right the ship, buying up companies to provide a new operating system, browser, and design shop. RIM now says it plans to launch its first phones and tablets using the new operating system, QNX, by early next year.

RIM launched its PlayBook tablet to mixed reviews earlier this year. RIM has acknowledged it didn't do a good job marketing the product, and has promised more user-friendly versions of the tablet in the future.

The company said Monday one of its three chief operating officers, Mr. Morrison, will be leaving.

RIM had previously maintained his medical leave was temporary. The company said it will farm out his responsibilities to existing executives.

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Ben Dummett and Monica Gutschi contributed to this article.