

Transforming Technology

Jabra is transforming not only the telecommunications and electronics sector but the fabric and direction of the organisation itself with an aggressive turnaround reinvigorating the brand and its position in the global market.

Images by SEES Media

Transformation and evolution have been at the core of Jabra's strategies, outlook, and culture in the past few years as the company has executed a dramatic turnaround. This ambitious approach has significantly altered the organisation's brand and business environment.

As a global producer of world-leading headsets and speakerphone solutions, Jabra is a prominent player in the telecommunications and electronics sector. Jabra employs approximately 900 people and boasts sales offices across the globe. Jabra is the brand of GN Netcom, a subsidiary of GN Store Nord.

Jabra prides itself on enabling effortless communication between mobile users and office-based and contact centre employees in all parts of the world. In such a fast-paced, competitive market, Jabra understands the importance of consistent change and development.

One man who understands this more than most is Mogens Elsberg. Mogens held the role of CEO of Jabra for 2009 to 2013, taking the company to new heights through utilising his 29 years of experience and expertise in the IT industry.

Mogens has made good use of his qualifications, a Master in Engineering from Denmark Technical University and a bachelor's degree in business administration from Copenhagen Business School. "I started out as an engineer. I have a master's degree in engineering, but I also have a bachelor's degree in business administration because I knew I probably wouldn't stay within the engineering field for the rest of my life."

Mogens entered the IT sector through his first job at IBM. "I started out at IBM and I was part of the build-up of IBM Global Services when IBM turned into a services company. I then joined another IT company called Aston Business Solutions for four and a half years where as CEO, I led a successful, major restructuring. I then joined Microsoft and headed

the Microsoft Dynamics ERP strategy globally for four years.

"I've been in IT for many years. I founded my own business—a credit card processing company. It was very different to what I'd done before, and it's still working and growing. I then got the opportunity to move into electronics and I think the reason that I was of use is that the electronics business is becoming more and more about software. Integration, ease of use, plug and play; electronics is becoming increasingly dependent on software, and I think that's why the Jabra board got someone from the IT industry to lead the company."

Mogens' experience with restructuring and turning around companies was essential in his role at Jabra. When Mogens first joined Jabra at the height of the GFC in 2009, Jabra was loss-making.

On the consumer side, which accounts for around 40 per cent of the business, they were losing money rapidly. On the business side, which accounts for 60 per cent

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WKK TECHNOLOGY LTD
17/F, Octa Tower, No. 8 Lam Chak Street,
Kowloon Bay, Hong Kong
Tel: +852 2357 8888
Fax: +852 2343 5283
Web: www.wkk.com.hk

WKK TECHNOLOGY PARK
33 Gangjian Lu, Tutang, Changping, Dongguan,
Guangdong, P.R.China
Postal Code: 523581
Tel: +86 769 8390 3333
Fax: +86 769 8390 1168

“The best for you.”



cent of the company, they were working with big handset providers who were squeezing their margins and they were struggling to formulate a cohesive, strong brand.

To reinvigorate and rethink the business, its brand, and its approach, Mogens set out to implement a raft of innovative initiatives. Mogens focused on building the Jabra brand, creating a strong image and reputation that consumers could focus on, and adding high-end products to Jabra's extensive product range.

Mogens states that these changes were significant, with the company focusing on unified communications like smartphones, laptops, and tablets, and working closely with companies like Microsoft and Cisco.

“We focused on the product side and we decided to move from being an original equipment manufacturer business on the consumer side to 100 per cent Jabra. That was a fairly big change, but we knew that we had to become a company that focused on its own brand.

“On the business side, we decided to focus on the unified communication opportunity and build products around that opportunity. The first thing we did, on the consumer side, was to increase from being a value-for-money brand to a high-end brand.”

According to Mogens, this focus on the brand of Jabra and the products that it represents was a breath of fresh air for the company. “It's a global brand, so we're in all regions. When you're a small company and don't have the marketing budget that some of the larger companies have, you do it through your products and the products you introduce.

“We had some game-changers in the market, and we used all our effort on the marketing side in connection with those product launches. We also teamed up with some important partners like Dolby on the consumer side. We also worked with Microsoft and Cisco on the business side. Teaming up with those partners would leverage their brand in the market, so we did it through products and partnerships. We improved brand

recognition and the perception of the brand.”

Jabra's brand is all about empowering its customers. The company recognises the tremendous potential inherent in technology and its ability to set consumers free and empower them to accomplish amazing things. Jabra believes its products harness technology and enable their customers to work, live, and play on their own terms. One of Jabra's mottos, “Always connected, always on, and always ahead of the game,” demonstrates its progressive and pioneering attitude.

This approach is supported by Jabra's parent company, GN Store Nord. As a company that can boast more than 140 years of experience in designing state-of-the-art communications solutions, GN Store Nord gives Jabra a firm foundation of technical expertise to build the Jabra brand on.

The products that bolster the Jabra brand and image are world-leading. Jabra's headset range has consistently been recognised and awarded as the gold standard in innovation and design. Jabra has received >



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Our innovation in wireless audio extends well beyond Bluetooth into whole home-networked audio systems.

numerous product and design awards, including the CES Innovation, the iF Product Design Award, a Red Dot Mobile Choice Best Accessory, the T3 Gold award, and CNET Editors' Choice.

While some companies may take these recognitions as an excuse to rest on their laurels, Jabra is determined to continually innovate and create designs that meet the needs of its customers in unexpected ways. Mogens and his team perceive this as a personal and electrifying challenge.

To meet this challenge, Jabra works with strategic partners to ensure the most streamlined and effective products. Jabra recognises that its responsibility is to provide products of exceptional quality that simply

"The fact that we could turn around the company and still grow market share is incredibly unusual and unique."

- Mogens Elsberg

"CSR and Jabra have worked together on a number of projects bringing feature-rich Bluetooth audio products to market including headsets, portables speakers, and speakerphones. We offer consumers premium-quality products with innovative design." - Chris Havell, Senior Director of Audio, CSR



work, in any technological environment, and with any way of working. These quality products are not used in isolation, so Jabra's strong alliances with companies like Microsoft and Cisco ensure that its products are compatible and cohesive.

These relationships proved crucial as Jabra underwent its transformation, helping the business to overhaul its sales side and become a two-tier company that was dependent on distributors and partners.

"We introduced our own high-touch scheme that will address the larger enterprises directly but always fulfill through partners," Mogens says. "We also introduced a global account team that will address the global accounts and meet their specific needs. There were multiple phases that we went through to implement the turnaround of the company."

As the business and its brand have evolved, Mogens says he has also significantly shifted its culture. "Since we've built the brand through products, it was about focusing on the right products at the right time.

"We have people who focus outside in, instead of inside out; meaning listening to customers, monitoring what is happening with key partners, monitoring what is

happening in the market and the key trends, and looking at how we can respond to those key trends at the right time. It is about being more outside-in focused, rather than inside out."

This shift in thinking has been one of the major achievements that Jabra attained from Mogens' time at the company. Mogens attributes the shift to a company-wide dedication to development.

"I think there are many things, and it's certainly not my achievements, it's the team's achievements. I think the fact that we are growing our market share in all regions is a testimony to the passion and the ambition of the team and their capabilities.

"The reality that we are able to grow in markets where we already have a large market share, like China where we grew recently from 28 per cent of the Bluetooth headset market to 33 per cent, which you would not expect from a European company, is an amazing achievement. The fact that we could turn around the company and still grow market share is incredibly unusual and unique."

This trend is set to continue, with Jabra expected to see 17-to 20-per-cent revenue growth from 2013. Mogens says this growth will be achieved through focusing on the music sector on the consumer >

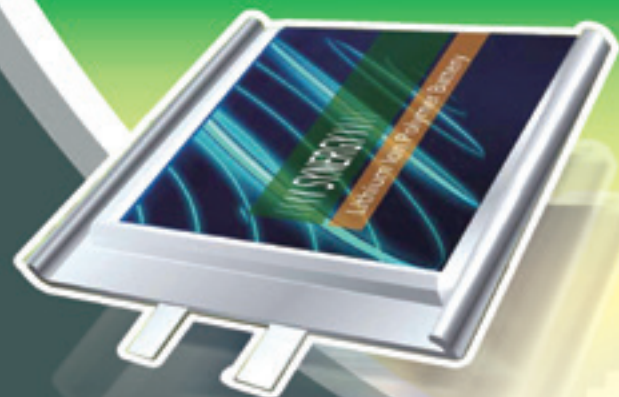
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23/F, Tai Ping Industrial Centre, Block 1,
57 Ting Kok Road, Tai Po, N.T. Hong Kong
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side and uniform communications on the business side.

“There are certainly some areas that are our heritage; it’s where we come from—it’s our traditional contact centre market, and this is where this company originated. Also, the voice products on the consumer side are our traditional strength as well. Those two categories aren’t growing, but they’re still very important to us.

“A major growth area for the future is unified communications; it’s still growing by 30 to 40 per cent each quarter year on year, so that’s a significant growth driver. Also, our entry into the music market is growing very fast. Those two areas will be our growth areas, but we shouldn’t forget where we originated from and our heritage, which is the contact centre and the traditional voice products in the consumer space.”

Jabra is ready to capitalise on these burgeoning growth areas thanks to the work Mogens and his team have done to turn the company around and focus its strategic direction. A significant part of this transformation was the dramatic overhaul of Jabra’s supply chain.

“We outsourced manufacturing to some key partners to make manufacturing more flexible,” Mogens says. “On the supply-chain side, we completely changed from being a built to plan to being, on the consumer side, built to order. That means we don’t carry any inventory at all. Within 14 days, we’re able to ship anywhere in the world after we have received the order confirmation. We cut down on inventory and improved the supply-chain process.”



On the business-to-business side, Jabra do keep some inventory in order to be able to adapt to customer demand. Getting to know and understand its customers is an essential part of Jabra’s make-up as this allows the organisation to predict what their customers’ demands will be.

Understanding the global markets and shifts in fashion and regulation is also vital for Jabra and its strategic positioning and marketing of its products. When China passed legislation which outlawed being on your mobile while driving, there was an explosion in the demand for headsets. Jabra’s suppliers worked tirelessly to meet this demand and as a result, Jabra attained 5 per cent market share.

Mogens says that choosing key partners that have strong relationships with Jabra is crucial. “We have selected a few partners who are key to us. Of course, what is important to us is that they have the right experience, the right capacity, and the right culture and attitude towards quality.

“However, at the end of the day, we design and build the product, so the way they assemble and manufacture the product is key to the overall user experience. We are very much dependent on these partners.

“We work in confidence with these partners. We have a lot of trust between our companies, meaning that we will share our thoughts about the market, both short term and long term. We will share our road map with these partners. We will share the things we see in the market—like mega trends—that we think will impact our business in the coming years, so they can get prepared for this.

“Likewise, they share what is important to them, not just here and now, but also in the coming years. Building this trust between partners is really key to our success. In that trust, you also reveal confidential information to ensure the partners are ready for the changes we’ll implement in the market.” >



Your best *electro-acoustic* partner



Trust and responsibility are core components of the value structure at Jabra. This is demonstrated in everything it does, from its relationships with suppliers to its manufacturing processes, its marketing, and its contribution to the protection of the environment.

As a headset and audio-device manufacturer, Jabra recognises the role it plays in protecting the

environment and in being a responsible member of the global society. With technological waste accounting for a growing percentage of the materials found in landfills around the world, Jabra is committed to reducing the environmental footprint of its products.

To achieve this goal, Jabra is constantly examining the way it

create its products, working to make the most of raw materials and to design more sustainable products. Jabra uses biodegradable materials and limits the amount of harmful substances in its devices. The forward-thinking company focuses on designing lighter headsets and fitting more headsets into its shipments, reducing the amount of fuel used when transporting its products.

Jabra also sets the same high standards for its suppliers and strategic partners, working with them to ensure that they follow responsible business practices in their company and in the way they treat their employees.

Jabra's corporate social responsibility efforts span a wide range of areas, including commitments to employee safety and welfare, meeting federal and international requirements for low-energy consumption and safe materials, and its ongoing efforts to reduce the environmental impact of its operations.

According to Jabra, this is something that every modern company needs to address. Businesses today are under increasing pressure to ensure they not only operate and conduct themselves responsibly, but also form alliances with responsible business partners. Mogens states that companies need to critically examine their suppliers and vendors to ensure that their business practices are ethical and meet established international standards.

Working ethically and sustainably is something that Jabra prides itself on. This long-term, sustainable approach to business >



will be the differentiator between companies that succeed in an increasingly transparent and accountable market and those that don't. As the market shifts and rapidly progresses, Mogens says Jabra will be at the forefront of change.

"I think we'll see more and more people going hands-free. I think we are increasingly dependent on our mobile phone and on our softphone in the office. At the same time, I think we will want to be able to use our smartphone to watch a video or do something else, so we will want to have our hands free. I think the same thing will happen in the office where we'll want to engage in conversation, but we still want the opportunity to work or take minutes or deliver presentations with the person that we're talking with. I think we'll see hands-free take off.

"I think we'll also see the world that we live in become wireless.

Wireless will be a mega-trend, not only within our industry but also in a range of industries. Who would want a corded sound speaker in your home when you could get it wireless? Since we were born in this wireless world, I think we have an opportunity to capture this opportunity in the market."

Jabra is consistently identifying and exploring opportunities in the market. The proliferation of wireless products is one such opportunity. As a result, Jabra is producing a range of Bluetooth speakers which will form a significant part of this new market.

"The whole speaker market is growing extremely fast now and it will continue for many years to come. So far, we've seen the growth in North America. We haven't really seen it yet in the other countries, but all indicators show us that Bluetooth wireless speakers are a major growth area.

"For that reason, we have introduced a whole speaker family, which we call Jabra Solemate, from a small version to a larger version, to address this market. That is a really fast-growing category. We'll see it entering into the home. I think many of us will get rid of the traditional large speakers and be able to play music through our smartphones and streaming services."

Developing and producing innovative products that meet consumer demands will remain a vital focus for Jabra as the company moves forward. With an amazing transformation behind them and a bright, strategically driven future ahead, Mogens says that the most important lesson that he has attained through the process is about trust.

"I think the one thing that I've found important in any organisation, and particularly in the past few years at Jabra, is to build trust between your company

and its partners. Likewise, you have to build trust within the company as well.

"You have to build the kind of culture where people understand that we're going on a journey and we don't really understand what that journey is going to look like, and it's alright to do things and fail. As long as we have tried our best not to fail and as long as we are trying to mitigate all risks and as long as we learn from how we fail, then it's alright.

"I think that trust really enabled us to take this company from one which was loss-making to one that is highly profitable. It's not just externally between partners and the company, it's also internally within the company that you've got to build trust."

Building that trust is a long process which is made up of consistent communication, delivering on promises, and sticking to your word. Mogens understands this and has worked tirelessly to ensure that Jabra turns itself around and nurtures strong, lasting relationships with its customers, stakeholders, suppliers, and partners.

After a dark period where Jabra was loss-making and struggling to establish its niche and brand, instilling trust in these relationships was difficult. However, Mogens says it came down to respecting the people you work with and the people you serve.

"All the people have a lot of experience and knowledge and everyone comes to work every day to do their best. I don't think there's anyone who gets up in the morning thinking, 'I'll go to work now and I won't perform the best that I can.' I think they're all there to perform.

"It's just a matter of finding out how you get the best out of people and instilling a culture where if there is failure then we are open, we learn from it, and we don't do it twice. If you handle

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those situations in that way, then people will take ownership and they'll drive on their own. That's the kind of culture that Jabra wants."

Being open to failure and the lessons it can teach you is an important tool in any executive's arsenal. Quickly and competently rectifying issues and improving the infrastructure of a company is essential to ensure the business continues to learn from its mistakes and prosper.

Jabra has emerged from this intense endeavour with substantial

revenue growth, innovative products, and a cohesive culture focused on meeting its customers' needs and working collaboratively.

This strong culture and its continual desire to improve and innovate will form the foundations for Jabra's success in years to come as the world-leading headset and speakerphone producer capitalises on strategic opportunities and dominates the global market. •

Publisher's note: Mogens Elsberg has since left Jabra.

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