



## A Bird in the Hand Is NOT Worth 2 in the Bush at Rogers Communications Inc.

### Description

Guy Laurence is out. Joe Natale is in.

While **Rogers Communications Inc.** ([TSX:RCI.B](#))([NYSE:RCI](#)) delivered solid second-quarter earnings October 17, the bigger news story emanating from Rogers's headquarters was the surprise announcement that Laurence would be replaced by former **Telus Corporation** CEO Joe Natale once his non-compete is up in February 2017.

Natale's been on the telecom sidelines since stepping down as Telus CEO in the summer of 2015. Apparently, he didn't want to move his family out west to Telus headquarters. Vancouver's loss is Toronto's gain.

On the surface, it seems strange that Rogers would replace Laurence fewer than three years into the role and seemingly (at least when viewing the numbers) doing a good job as the chief executive. But, much like professional sports where coaches are routinely recycled, the same thing happens in business.

Natale obviously wanted back into the telecom game; Ted Rogers and the rest of the board were only too willing to make that happen for the former Telus executive who spent 12 years in senior operating roles at the B.C.-based company.

Recently, Rogers announced it was shutting down its Shomi video streaming after two years in operation. It's possible that the board wasn't happy with the \$140 million in losses piled up by the service—all on Guy Laurence's watch. Also on Guy Laurence's watch, Rogers's hockey broadcasts were such a dud that *Hockey Night in Canada* was forced to dump George Stroumboulopoulos and bring back Ron Maclean, its former host.

Ironically, it was Laurence's predecessor, Nadir Mohamed, who made the ill-fated \$5.2 billion, 12-year deal prior to leaving the C-suite.

"Laurence was never a central part of the operation. I don't think anyone is going to miss him," David Baskin, president of Baskin Wealth Management told *Bloomberg*. "They paid too much for the NHL

deal. Unfortunately his legacy will be the NHL deal.”

That’s a bit harsh. It’s also possible that at the end of the day, Rogers looked at its \$427 million in adjusted net income for the quarter, down \$45 million from a year earlier, and decided that a bird in the hand is not worth two in the bush.

Natale did a good job at Telus, but Toronto is his home. When Rogers became aware of his interest in returning to telecom, the board decided that Natale was the better person to finish the turnaround started by Laurence three years ago.

To use another sports analogy, you always draft the best available athlete regardless of position.

When it comes to choosing between Natale and Laurence, it appears to have been a no-brainer, especially since Rogers won’t obtain the services of Natale for another 15 months.

Rogers shareholders appear to win twice with this move. That rarely happens in business.

## **CATEGORY**

1. Investing

## **TICKERS GLOBAL**

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2. TSX:RCI.B (Rogers Communications Inc.)

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