

case 1-429-251
March 12, 2013

Lattelecom: Flexible Benefits System Implementation

On the cold and sunny morning of January 10, 2012, Ingrida Rone, human resources director and a board member of Lattelecom, the leading provider of electronic communications services in Latvia, opened the Lattelecom Plus application on her laptop. She rapidly navigated through colorful rows, each corresponding to a different category of benefits available to Lattelecom employees, making her own choices for the year. She did not need to read explanations or look for information about suppliers' offers — she knew them all too well. A year ago the flexible benefits system (FBS) was just a vague idea. Now it was fully functional with an intuitive Web-based interface and dozens of providers offering their products and services to Lattelecom employees. Implementation of the system had gone well, and employees seemed satisfied. Still, questions lingered in Rone's mind: Would all employees, especially those who had been with the company for a long time, appreciate the new system? Did the project team foresee all the possible risks and communicate all the information needed for employees to make informed choices? Would these changes result in increased value for employees and strengthen the Lattelecom employer brand?

Company Background

Lattelecom Group was the holding company for a group of Latvian electronic communications providers. As of December 31, 2011, Lattelecom had 2,100 employees in offices throughout Latvia. Lattelecom's companies offered integrated services for home and business, including voice services, data services, Internet, TV, and IT solutions. In addition to electronic communications services, Lattelecom maintained a strong presence in the corporate market as a provider of business consulting, business process outsourcing, IT training, telecommunications infrastructure, and enterprise solutions.

Lattelecom's roots dated back to 1882, when the first telephone exchange was established in Riga, Latvia. After World War II, all Latvian telephone infrastructure became part of the State Department of Communications under the authority of the Ministry of Communication. When Latvia regained its independence, the telecommunications industry was restructured, and in 1992, the state-owned telecommunications company Lattelekomⁱ was established. The company had approximately 660,000 telephone customers with 140,000 more clients waiting to get a telephone connection.

i The company name was Lattelekom until 2006, when the name was changed to Lattelecom.



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This case was developed by Julie Felker at the University of Michigan-Dearborn College of Business and Marina Pavlova at the Stockholm School of Economics in Riga as a basis for class discussion rather than to illustrate either the effective or ineffective handling of a business situation.