

Margherita Della Valle, the woman trying to turn Vodafone around

The Italian CEO is determined to hive off significant parts of the telecoms giant while also changing its internal culture.



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Company insiders joke that Margherita Della Valle’s “blood runs Vodafone red”. Such is the 58-year-old’s passion for the company where she has spent just over half of her life.

But the group’s Italian chief executive is now having to do some bloodletting of her own. She plans to sell Vodafone Italia as part of a sweeping restructuring to streamline company operations that will see 11,000 employees culled. The potential deal to offload its Italian business to Swisscom — announced this week — is like “selling the home she grew up in”, according to a person close to her.

Della Valle, who was appointed CEO last year after three decades climbing the ranks from her initial role as marketing analyst, is seeking to turn around the telecoms company. This comes amid recent criticism from investors and analysts of underperformance and the group’s sprawling portfolio. Her priority? Simplifying the business.



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Insiders say she has already brought a very different approach to the last Italian to have helmed the group, Vittorio Colao, or her predecessor Nick Read. Unlike Read, she already looks set to deliver on significant deals.

Silvia Candiani, vice-president of telco and media at Microsoft who worked with Della Valle at the start-up Omnitel Pronto Italia, which later became Vodafone Italia, says she was known internally as “fair and transparent”. Candiani adds that Della Valle has been a “great role model” who shows it is possible to have a “softer style” while remaining “authoritative and decisive”.

A native of Rome, [Della Valle](#) graduated from Bocconi University in Milan with a masters in economics. She is married with two sons and now lives in London where she has spoken about enjoying walks along the Thames in her leisure time.

Della Valle is described as direct, but also as someone who is interested in the perspective of others, by multiple people who have worked with her. Under her leadership, individuals at the company are “feeling they can have an impact”, says one employee.

[Vodafone](#) provides mobile and fixed services to more than 300mn customers in 17 countries across Europe and Africa. But the state of the group today is a far cry from its heyday at the turn of the century when it pulled off a mega-deal to acquire German company Mannesmann for £113bn. Now, Vodafone is set to exit European markets that were once core to its business. Its retrenchment begs the question of what will be next for the company.

As well as slimming down the company, Della Valle is seeking to accelerate growth and improve customer service. Industry rivals acknowledge her efforts at transformation and her M&A credentials, but say she will have to prove these changes are working and that Vodafone can grow in the markets it remains in.

“To me, they are still quite slow, a huge international lumbering group and they don’t feel particularly agile,” an employee at one competitor says.

If the Italy deal goes ahead, Della Valle will have completed a trio of structural changes she’d been seeking in markets which have not been making a return on the cost of capital. In June, Vodafone announced a [proposed merger with CK Hutchison’s Three](#), which is expected to create Britain’s largest mobile operator. In October, it announced the [sale of its Spanish business](#).

Despite this, shares in the UK-based telecoms group have dropped around 30 per cent in the past year. Vodafone “has got to go through shrinking pain to establish itself”, a long-standing employee acknowledges, as Della Valle’s moves to streamline the business take hold.

Focus has shifted to the company’s operational side, where she faces a range of challenges. These include regulatory changes in Germany, Vodafone’s largest market, where the company [returned to growth](#) last year. “The jury is still out on whether that can turn around,” says Karen Egan, head of telecoms at Enders Analysis. Analysts also expect Vodafone to have to cut its dividend, which may prompt anguish among investors.

Della Valle is making internal changes too. Notably, she has moved to eliminate the “macho culture” in what had been perceived as an old boys club, according to one employee, who says Vodafone has become a more pleasant environment in which to work. Another insider says the company is more inclusive under her leadership.

Nor is Della Valle the only woman shaking up what has traditionally been a male-dominated industry. Last month, she was joined in the FTSE 100 by Allison Kirkby, the new BT chief executive while Christel Heydemann heads up Orange, which recently received approval from Brussels for its joint venture with MasMovil in Spain. Della Valle will be hoping to follow suit — the UK’s competition regulator is [currently investigating](#) its planned tie-up with Three UK.

In a keynote speech this week at a global telecoms conference in Barcelona, alongside the chief executives of Spain’s Telefónica and Germany’s Deutsche Telekom, Della Valle and Heydemann called on regulators to allow operators in the struggling sector to scale via consolidation. Della Valle said it was “not economic” to have four different 5G networks everywhere.

Julie Sweet, the chief executive of consultancy Accenture, who was also at the event, says the Vodafone boss stands out for combining a bold vision with the ability to execute at speed. “She has a really good sense of humour, she doesn’t take herself too seriously and she builds trusted relationships,” Sweet says.

The two bonded over the experience of “leading big companies through change”, Sweet adds. Last year they announced a strategic partnership to [accelerate the commercialisation](#) of Vodafone’s shared services operations, which Della Valle set up in 2011, and in which Accenture will invest.

The rapid succession of moves Della Valle has made since becoming boss has not gone unnoticed. One senior banker who knows the company well says that, despite her long service there, she has “brought an impressive objectivity” to her new position. “It is going to look and feel rather different to where it was when she started.”

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Questions:

1. Evaluate Margherita Della Valle's strategic approach to restructuring Vodafone, including her decision to sell off significant parts of the company and streamline operations. How does her leadership style influence the direction and execution of these strategic changes?
2. Analyse the leadership style of Margherita Della Valle in transforming Vodafone's internal culture. How has she effectively addressed challenges such as eliminating the "macho culture" and fostering inclusivity within the organization?
3. Explore the significance of Margherita Della Valle's leadership role as a woman in a traditionally male-dominated industry. How does her presence contribute to promoting gender diversity and inclusion, both within Vodafone and the broader telecom sector?
4. Analyse Della Valle's approach to stakeholder management, particularly in light of Vodafone's declining share price and potential dividend cuts. How does she communicate the company's strategic vision and address investor concerns during periods of significant restructuring?