

# A culture of caring: A conversation with Globe Telecom's Glenn Estrella

Growing a market-leading business while spawning start-ups depends on a willingness to fail and a corporate culture of caring modeled from the top down, according to the start-up chief of the Philippines' largest mobile telecom provider.



In this episode of *The Venture*, we share a conversation with Glenn Estrella, entrepreneur in residence at 917Ventures, Globe Telecom's corporate incubator. With some 97 million subscribers, Globe is the biggest mobile telecom operator in the Philippines. Estrella discusses with McKinsey's Andrew Roth how Globe fueled explosive growth, launched a series of successful start-ups, and continues to innovate amid the COVID-19 pandemic. At the close of the interview, McKinsey's Tomas Laboutka offers his insights. An edited transcript of the podcast follows.

### Podcast transcript

*"[There's a] Filipino word, "malasakit." The English translation is caring. You really care. It's not just enough to be passionate about something; you have to care. And if you care for something or someone, whether it be your customers or your company, you'll act accordingly."*

—Glenn Estrella, entrepreneur in residence at 917Ventures

**Andrew Roth:** From Leap by McKinsey, our business-building practice, I'm Andrew Roth. Welcome to *The Venture*, a series featuring conversations with legendary venture builders in Asia about how to design, launch, and scale new businesses. In each episode, we cut through the noise to bring practical advice on how leaders can build successful businesses from scratch.

For our second episode of *The Venture*, I'm excited to welcome Glenn Estrella from Globe Telecom, the largest mobile network operator in the Philippines, with a total subscriber base of 97 million. Glenn is currently entrepreneur in residence at 917Ventures, Globe's corporate incubator.

There's a lot to cover, including Glenn's journey with Globe since the '90s, how the company was able to double customer growth for some of their partners and then looked inward to grow

its own services and new businesses. We're also going to ask Glenn about building a start-up culture within large organizations like Globe. Welcome, Glenn. Great to have you on the show.

**Glenn Estrella:** Hi, Andrew. It's good to see you again.

**Andrew Roth:** Let's begin the conversation by stepping back in time to 2011, when you rejoined Globe after leaving to enter the start-up world. What made you return to Globe?

**Glenn Estrella:** I was running a Globe subsidiary, just having turned around that company after a year, and was invited to lead the digital media team of the consumer mobile business. I think they were looking for someone who knew Globe, since I'd been with Globe off and on since the '90s, and who also knew the internet side of things.

My mission was to give consumers a reason to use mobile internet. It wasn't enough to just sell them mobile data packs for access. Back then, the only thing people in the Philippines knew about the internet was Facebook. And a lot of Facebook users were using Wi-Fi rather than their mobile internet service to access Facebook.

**Andrew Roth:** Yes, I remember when I moved to Singapore in 2011 and heard about this strategy to offer consumers a free version of Facebook to get them interested in mobile data.

**Glenn Estrella:** Exactly. Nothing was free back then, so giving something away removed the friction of spend. At the time, the Philippines was predominantly a prepaid mobile country, and we needed to remove the pricing friction. Prior to the Facebook partnership, we offered a similar free trial with Google that didn't work very well, because it was an unfamiliar experience for consumers. That taught us a lesson about the importance of user experience.

Since people were using Facebook in a certain way, the goal was to preserve that experience

by allowing them use the app to access the mobile side of Facebook without noticing any change, apart from it being free. That was the goal, and it worked. It took us about eight months to set this up with Facebook in-country, working out the engineering side of things, and it worked out really well.

**Andrew Roth:** Are you able to share any initial numbers that defined success?

**Glenn Estrella:** Our first free trial with Google was around 2012, and Facebook happened a year later. We had about 1.5 million mobile internet users, and after launching free Facebook, we doubled that number in 90 days.

The remarkable part was that everything else halted. People started shifting to Globe, spending more and topping up more, and not just data. Our customers started learning there's more on the internet than just Facebook, and then Viber and Spotify happened. So it was great, and it turned out to be this wave we had to keep fueling.

**Andrew Roth:** It sounds like introducing your customers to internet and data removed all friction and led to a domino effect into other behaviors.

**Glenn Estrella:** Absolutely.

**Andrew Roth:** When did some of the conversations start happening around building new businesses based on that initial success?

**Glenn Estrella:** We launched an over-the-top partner every year. We launched Google first, and then Facebook, Viber, and Spotify. When we launched Grab, it overtook Uber overnight, because Grab gave Globe customers a special freebie and Globe marketed Grab to its base.

Around late 2015, I was sitting on the board of several subsidiaries, and Globe was maturing and no longer selling mobile data. Our message was, "We're your network partner. We're a telco partner when it comes to going to the internet. Whether it be search, social media, chat, video streaming, or sports, we're your go-to."

We started thinking, "If we can do that for other partners, why can't we do that for some homegrown pain points?" That's when it all started.

One of the early products was an app called GMovies, which allows you to book movie tickets. It may not sound like a big deal, but the cinemas are run by different mall operators in the Philippines, so you have to contact each one, which is not easy. They were still barely online, so that presented an opportunity.

**Andrew Roth:** That's interesting. You were able to make partners successful. Then you decided, "Why don't we create our own assets, our own businesses, and scale them?" Was there a process where you landed on movies? Did you have a portfolio of ideas that you narrowed down? What was that decision like on where to play?

**Glenn Estrella:** To be perfectly honest, back then it was largely personal experience. And you get validation from research data of your own customer base. I was fortunate that our CEO Ernest Cu allowed me the freedom to try new things as long as it wasn't expensive. That's how we got through it. Then a year later we formalized this innovation team, innovating from within, mostly moving out.

I was already reporting to Ernest by the end of 2015, and he started giving us mandates on what to do, pinpointing problems across Globe Telecom, including clients or internal problems he asked us to solve.

**Andrew Roth:** You had direction from Ernest, but it sounds like you had some freedom as well. When you were building this innovation group and getting into movies, was it spun off as a subsidiary, or was the operating model still under Globe?

**Glenn Estrella:** Ernest has this saying, "Let a thousand flowers bloom." Nobody has a monopoly on innovation. If you have a customer base, or a business that's worthwhile, then it'll naturally just move out and become a company

on its own. That's what happened with AdSpark, which was spun off under my term.

**Andrew Roth:** OK, so a bit of both then? Some ideas stayed within, and some spun off?

**Glenn Estrella:** Yes. For example, we implemented interactive voice technology to help with Globe's billing. We reduced the cost of call centers by 50 percent and doubled our collection rate, with a very minimal investment. It's five years old now, and it's all homegrown.

**Andrew Roth:** Interesting. It sounds like you were innovating in areas to improve the core business, like billing, and spinning off new businesses, like advertising.

**Glenn Estrella:** Yes.

**Andrew Roth:** How did you find talent? A question I often get when talking to CEOs is, "Ideas are great, prototypes are great, but if we really want to drive long-term impact, how do we find the talent and create the culture?"

**Glenn Estrella:** I look for people who have worked in a start-up. Anybody with experience in digital advertising and performance marketing is always a good choice as well.

**Andrew Roth:** There's this debate about hiring for experience or hiring for culture.

**Glenn Estrella:** Normally, when you have the right behavior and the right attitude, training is not a problem. I've allowed these guys to really fail—and fail big.

**Andrew Roth:** So what you're saying is, failure is allowed. You give people the space to fail. That's interesting, because that's a word that incumbents, or corporates, don't want to talk about.

**Glenn Estrella:** That's because they need to feel safe. But we're risk takers. We can afford to be risk takers because we haven't built a big business yet. If you're running a bigger corporation, risks have to

be looked at a lot more closely. If you're trying to experiment with ideas and test them, you're supposed to allow people to make mistakes. At the same time, these are manageable mistakes that I can handle, even if it goes up the chain.

Let's say my team gives me five options. Of the five, you could probably do one to three, and these are the potential land mines. But I can take any of those for the team. They need to feel safe, or else you're going to be micromanaging the whole time.

**Andrew Roth:** So in the context of a large organization, you're helping to provide cover for your team if those failures happen. I would imagine that can be stressful for you. So we're talking about failure—giving team members the space to win and fail, creating that culture. You had told me once that Ernest has a single word for culture. Can you explain it?

**Glenn Estrella:** It's the Filipino word "malasakit." The English translation is caring. You really care. It's not just enough to be passionate about something; you have to care. Our culture is the circle of happiness. If you care for something or someone, whether it be your customers or your company, you'll act accordingly.

If it's sincere caring, I care enough that it has to be done a certain way, I care enough that I don't want to release a product that's just a minimum viable product, I care enough that I launch a product with feedback from the consumer.

It really cuts deep. We started caring for our company. Before I rejoined, we didn't want to be associated with Globe, even though we worked there. Now, people wear the logo proudly. And that's the culture for us.

**Andrew Roth:** In the midst of COVID-19, have there been any discussions about how you're going to live that culture as things loosen up

and economies start reopening? Any areas you're looking at demonstrating that culture of care?

**Glenn Estrella:** When we started the lockdown, the first thing Globe did—and again, it's a function of how Ernest thinks—was to make sure that our people were safe, especially our telco frontliners who are out there fixing problems with networks and cell sites, rolling out broadband internet connections, and delivering prepaid modems, despite the lockdown checkpoints.

If we want to service our customers, we need to protect our people. That's what's great about having leaders who think like that. Protect our employees, and make sure that they're safe to do their jobs so they don't have to worry about their families.

**Andrew Roth:** Right. They need to role-model the actual behavior so it's not just a sign on the wall.

**Glenn Estrella:** Yes, and Ernest is the real deal. I'm very privileged to be able to work with him and try to live up to the vision and the things he wants to accomplish.

**Andrew Roth:** I'm sure you're looking at some of these new businesses that you've launched and thinking of how to adjust based on COVID-19. Can you share a bit about one of them that you feel is reaching scale or well beyond product market fit? What are you tracking on a daily basis?

**Glenn Estrella:** Driving growth at a time like this is really challenging, but I don't think the principles have changed. We're a telco in a position to provide connectivity, so in that sense, we're already relevant. Now, why is that more relevant today? With people staying home, it's not just about giving people internet so they can watch Netflix all day and night. What I've seen, and I'm sure it's not just in the Philippines, is that these businesses were not ready.

There's a joke that asks, "Who drove your digital transformation? Was it your CIO? Was it your CEO? Or was it COVID-19?" COVID-19 forced everybody online, so connectivity sales went up. Bandwidth also went up. It's not enough, because these small to midsize enterprises, and even the large corporates,

are like, "What do we do? How do we do this? How do you get online?" That's where we play.

**Andrew Roth:** Did businesses like GCash or any of the other subsidiaries see a similar growth?

**Glenn Estrella:** I think all the fintech companies have seen it, but GCash is doing well because it's easy to use. GCash is basically a mobile wallet. You just need to download the app and use any mobile number that's assigned. Once you've opened it and done your "know your customer," you can funnel in your cash.

If you're a bank, you can connect all your banking apps or services there, too. If you're in a market like the Philippines, where there's a lot of nonbanking transactions, they could also do the cash in points and put money through a convenience store or any of our machines. There's also a payroll solution in GCash for companies as well.

**Andrew Roth:** Are you seeing investment in the product backlog with GCash and other subsidiaries as you prepare to come out of COVID-19? Have there been talks about investing in more engineering, or are you more interested in steady growth?

**Glenn Estrella:** There's already funding for the start-ups we're in charge of now, at least the ones that are in incubation or scale mode. Personally, I think we should think about the opportunities that aren't readily apparent because of what's happening. When people start going back to work or going back outside, there'll be a lot of opportunities to solve problems.

It's also an investment, and there's more than enough funding. I think it's all about speed to test, speed to try out, and whoever gets there first will have an advantage. That's the whole premise of what we do, trying to unlock the Globe customer base to try out these things.

**Andrew Roth:** That's a good segue to speed, incubation, and what you're doing now with

917Ventures. Can you share a bit on your role in 917Ventures and what it is?

**Glenn Estrella:** 917Ventures is Globe's corporate incubator. Our thinking was, if we're able to grow the apps coming out of the United States or some other country, we should be able to do the same for ourselves. A colleague of mine coined this term and said, "We're kingmakers." We're doing it for all our start-ups now, using Globe to fuel GMovies, GCash, and RUSH, our white-label loyalty program. That's the principle. I'm an entrepreneur in residence, and I handle more than one start-up in either incubation or scale mode.

**Andrew Roth:** You're mentioning how this type of corporate incubator is a bit different, because you have access to the core business under Globe and the advantages that come from that.

**Glenn Estrella:** Yes. It can be simple things such as SMS broadcast marketing. Why should I have to pay for digital advertising when I can just use the Globe base to try out a product? Our belief is, these are assets that businesses would kill for, so why not use them? How many companies can bring 97 million consumers to your doorstep?

**Andrew Roth:** You're right. You have these distribution channels through the core business. It's interesting that, with 917Ventures, you've made that into a model, where the start-ups that go through the incubation of 917Ventures have access to the advantages of being affiliated with Globe.

**Glenn Estrella:** Ernest always reminds us that we all probably have the same strategy and plans, but it all boils down to who's going to execute better and faster.

**Andrew Roth:** So speaking of execution and being fast, I'm going to ask you a few lightning-round questions. Who would you want on your board? Elon Musk or Jack Ma?

**Glenn Estrella:** I guess the quick answer would be Jack Ma.

**Andrew Roth:** That's understandable. Now, in a world without Globe, what start-up or company would you want to work for?

**Glenn Estrella:** I'd probably do my own thing. I'd probably do a start-up, and that start-up would probably be more on the agricultural side, bringing in technology and automation.

**Andrew Roth:** That's interesting. Describe your start-up superpower in a few words.

**Glenn Estrella:** If there is such a thing that we could have, it would be Wolverine's healing ability, because he gets knocked down and gets right back up. You get cut down and run over as a start-up, even if you have a Globe as a backer. The quicker you heal, the quicker you keep fighting again.

**Andrew Roth:** It's true. It's not talked about enough, but the daily ups and downs, mentally, of being in the start-up space is significant.

Glenn, I love how you went from innovating in the core business back in 2011, learning a lot from these partnerships. Then you found the confidence to start building your own businesses, learning how to adopt failure and bring that kind of culture aboard and recruiting people externally.

I think some of these are important messages for other venture builders who are at the beginning of the journey. You don't always need to come up with the next amazing business model out of thin air. It is a learning process and a journey.

**Glenn Estrella:** Yes, it is.

**Andrew Roth:** Then, what you've been saying around where the opportunities are, I think will probably be another conversation we should have. I think there's going to be a lot of positive things we can do as we go into the COVID-19 recovery process.

**Glenn Estrella:** I totally agree.

**Andrew Roth:** Glenn, I want to thank you for your time. It's been a great conversation, and I look forward to catching up soon.

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**Andrew Roth:** Now it's time for a segment where we invite founders and experts from McKinsey to provide more context and draw practical insights. I'm joined by my colleague Tomas Laboutka, from Leap by McKinsey. Tomas, welcome back. What struck you the most from the conversation with Glenn?

**Tomas Laboutka:** Hi, Andrew. One thing that really stood out for me was the search for unfair advantages for Globe and 917Ventures. They started off with partnerships and discovered by partnering with big companies such as Google, Facebook, and Spotify that they were able to not just provide connectivity but ultimately double the number of their users.

Then they were able to bring and leverage go-to-market channels for 917Ventures. And they're able to hack the go-to-market with 97 million users, which is impressive. It seems that they are always on the hunt for more opportunities, leveraging their assets and solving more entrepreneurial problems.

**Andrew Roth:** Yes. And when it comes to innovation, they learned a lot from these partnerships. That gave them the courage to ask, "Shouldn't we be doing this for ourselves?" So they started launching these new services with movies, loyalty, and cash. In order to do that, Glenn made it clear that failure was OK—not from the perspective of "Hey, let's just go and fail," because I think people almost cheer

failure too much, but it's important in the sake of moving fast and speed. Failure is a big word when it comes to culture. What were your thoughts there?

**Tomas Laboutka:** That's interesting, because when we talk with CEOs, we do see this resistance to failure. People fear to fail. Yet you have leaders telling you the velocity of your experiments and the number of times that you fail ultimately define the probability of your success.

It's clear that Glenn provides the environment where it's OK to fail.

**Andrew Roth:** We heard the word "care" from Glenn. We heard the word "open" in our last episode with Aaron Tan from Carro. I would say both were able to explain how they've made the words that are meaningful to their culture more than just a poster on the wall and more than just cheerleading at a weekly town hall.

I think that's going to be a continuing theme around how to win. How do you make things like failure OK? How do you engender the right culture that's role-modeled by the leaders? I think it'll be interesting to hear from more leaders in the future on how they're making culture real and role-modeling it.

**Andrew Roth:** You have been listening to *The Venture* with me, Andrew Roth. If you like what you've heard, subscribe to our show on Apple podcasts, Spotify, or wherever you listen. Don't forget to leave a review and rating on your favorite episode. We will be back with a brand-new episode next month.

**Andrew Roth** and **Tomas Laboutka** are associate partners in McKinsey's Singapore office. **Glenn Estrella** is entrepreneur in residence at 917Ventures.

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