
Thodey Looks the Goods for Telstra

New Telstra CEO David Thodey impressed at the analyst briefing today. He was confident, relaxed and seemingly down to earth – in stark contrast to his predecessor.

Thodey also did away with the ridiculous profit and margin forecasting of recent years but put some useful stakes in the ground regarding customer service levels (which remain appalling – even by their own admission) and new sources of revenue (particularly the opportunities in mobile broadband). On numerous occasions, particularly when questioned about the new IT systems and promised cost savings, he emphasised the importance of patience and making decisions in the long-term interests of shareholders. That's music to a value investor's ears.

Despite the controversy, outlandish pay and incessant spin that came out of Telstra during his stint at the helm, Sol Trujillo was the right man for the time. Stuck in the mindset of government ownership, the company and its management team needed a radical shakeup. The business needed direction and the shareholders needed someone to argue their case.

As an outsider, Trujillo was uniquely placed to deliver fundamental change. For all of his faults, he delivered that and, in my opinion, the business is better for his tenure. And my concern that he'd leave behind a management vacuum seems misplaced. It wasn't only Thodey that looked good on the podium today – numerous executives spoke throughout the presentation. They all seemed competent and particularly excited about the opportunities available in the rapidly changing world of telecommunications.

Perhaps shareholders are better off without those that couldn't handle Trujillo's heat. Telstra will face plenty of challenges over the next decade, but it looks to be in capable hands.

I also published [Evidence builds for Telstra thesis](#) on [The Intelligent Investor](#) site today. It's open to non-members as well as members.