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CS-08-014-01
June 2011

Terry Rhodes (A)

Since its inception in March 1998, wireless service provider Celtel had set out to change the way business was done in Africa and to prove the transformative effects business could have on the continent and its people. Terry Rhodes, Co-Founder and Chief Strategy Officer, had successfully mitigated the risks and overcome the challenges that deterred other businesses from investing in and contributing to the region. He explained:

We were lucky that our business – mobile telecommunications – was seen as raising money in the West to bring to Africa and build infrastructure.

As Celtel expanded and moved into more and more markets across sub-Saharan Africa, its corporate values were continually tested. Until now, Rhodes had managed to avert corrupt situations using simple but creative tactics. However, the market entry into Guinea in late 1999 had posed a different story. Despite his multiple efforts, negotiations with the Guinean government were now at a standstill and it had become clear to Rhodes that the government expected substantial bribery payments for the deal to move forward. It was now late September 2001 and, to add to the dire situation, Celtel's CFO had informed him that losing the Guinea deal might lead the company towards bankruptcy.

Rhodes now sat outside the door of the boardroom, waiting to be called in and present his recommendation to the board concerning the Guinea deal. As he reflected on his available options, he knew he would have to defend his decision to the board and would need their full support.

The entrepreneurs: Terry Rhodes and Mo Ibrahim

Terry Rhodes was born in 1955 and grew up in England. After graduating with an MSc in Economics from the London School of Economics in 1978, Rhodes spent the initial part of his career working for the UK Treasury as an economist. He went on to earn his MBA from London Business School in 1987 to "increase his business confidence". Earlier, in 1983, he joined British Telecommunications (BT), which was still state-owned at the time. Rhodes recalled:

This case was prepared by Aleya Karim and Tiffany Putimahtama under the supervision of John Mullins, Associate Professor of Management Practice, London Business School. Certain data, including where incidents actually happened, have been disguised. Revised June 2011.

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