

RIM CEOs admit BlackBerry maker faces challenges

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Research In Motion co-chief executives Jim Balsillie and Mike Lazaridis acknowledged the company's problems to shareholders Tuesday evening, but sounded a defiant note, saying a new wave of products will be successful.

The duo were expected to face testy shareholders at RIM's annual general meeting Tuesday, considering the company's plummeting stock, but their comments were generally well-received.

Lazaridis said RIM plans to release seven new BlackBerry smartphones running a new operating system in the coming months which will allow the new BlackBerry Bold to leap a generation ahead in technology.

"It may have delayed us, but we are going to come out ahead," Lazaridis said of the decision to delay the release of the latest Bold.

"Mike and I, along with the executive team, are closely managing this transition and have positioned the company for continued future success," Balsillie told shareholders.

The company's management has been under fire for its lacklustre performance on the market as RIM has plunged 53 per cent this year on the TSX.

But the CEOs were greeted with warm applause Tuesday from the more than 200 people who gathered in the mostly partisan crowd.

Some in the audience did criticize the company's PlayBook tablet, saying it falls behind other companies' offerings.

"We will continue investing in it and it's only a matter of time -- we will do better," Lazaridis said.

RIM has also been heavily criticized for failing to split the CEO and chairman roles into two separate positions.

Balsillie and Lazaridis have maintained the individual jobs are too large for just one person to do.

Canadian investor Northwest and Ethical Investments LP had pressured RIM to divide the roles, but backed off after RIM instead came up with a plan to appoint a committee to study the chairman's role, with a report due by Jan. 31.

Then Glass Lewis and Co., a U.S.-based shareholder advisory firm, came out strongly in opposition to the plan, saying there was no need for further discussion on the issue.

"The appointment of independent board leadership does not require further study, but rather concrete action," said Dimitri Zagoroff and Marian Macindoe, of Glass Lewis, in a report.

At its peak, RIM stock was trading at \$150 a share. But as of Tuesday that price had sunk to under \$28 as the company continues to lag behind its competitors, particularly Apple with the immensely popular iPhone and iPad -- products which RIM has struggled to compete with.

The drop in stock price had one shareholder asking that what would happen if there was a hostile bid for the company.

Balsillie said a shareholders' rights plan could be put in place in a "blink of an eye" if there was a hostile bid.

"I assure you, if there is anything that will make you sleep better at night that I can do, I'll do it," he told the shareholder.

Wireless analyst Edward Snyder of Charter Equity Research says RIM has time to turn their company around as they are "very profitable" and have a positive cash flow.

"The problem is strategy. To fix this company you are probably going to have to replace management with people who have not sunk their entire reputation into the status quo," he said Tuesday evening.

Snyder said Balsillie "keeps defending what hasn't worked for several years."

RIM still controls about 25 per cent of the U.S. market but that number keeps shrinking as Google's Android smartphones and Apple's iPhone have passed the Canadian company's market share.