

Episode 127 | The Courage to Change (Jim Abolt)

Jim Abolt

Released October 28, 2025

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DR: [00:21] Yep, for sure.

Jim Abolt: [00:22] That's not unusual at all with early adoption of technology. But the key thing is people should not mistake that for an AI problem. That's a leadership problem.

Announcer: [00:39] This is "Telco in 20," a podcast that helps telco execs achieve a competitive advantage with AI and the public cloud. It is hosted by Danielle Rios, also known as DR. Today we're talking to strategic HR and organizational transformation leader, Jim Abolt.

DR: [00:58] Hi guys. I'm DR. Amol Phadke from Tech Mahindra was recently on the podcast and he shared something hilarious from a telco exec. "AI is great, I see it everywhere except in my P&L." And that's the telco AI paradox right now. Everyone's running pilots, but no one's feeling the impact. People blame AI, but the fact is, this is a leadership problem. Your best people will fight you the hardest because AI doesn't just change the work, it threatens their expertise. That's why pilots succeed and roll-outs fail.

[01:36] On top of it, we have a cultural problem. Telcos celebrate moving slowly. They manage risk instead of taking it. They pilot forever instead of making big swings. Meanwhile, we're witnessing the biggest work transformation in history. Every job, every business process is being redesigned right now. And leaders who wait for others to go first, they've already lost.

[02:01] Today I'm talking with my buddy, Jim Abolt, strategic HR and transformation leader about why bold leadership and big ideas are the only path to AI ROI, why telling employees the truth about what's coming isn't reckless, it's required, and why telcos need to stop chasing 10% improvements and commit to 10X transformation. So let's take 20.

[02:29] Jim Abolt is an SVP of human resources, a leadership guru, and one of my longtime mentors.

[02:34] Hi, Jim. Welcome to "Telco in 20."

Jim Abolt: [02:37] Hi, DR. I hope you're having a great day.

DR: [02:39] Oh, I am because you're here. You're amazing. I love talking to you. You have this amazing ability to recall all these crazy executive stories and quotes, to really connect people to a point you're trying to make or an idea you're trying to share. And I had a telco executive, Amol Phadke on the podcast who was sharing a story that he got from a telco executive when they were talking about AI. And the quote was, "AI is great. I see it everywhere except for in my P&L."

Jim Abolt: [03:11] That's such a great line.

DR: [03:12] It's such a great line. It just captures what's going on with AI right now. And so from an HR perspective, if you were like the SVP supporting an exec like this, what do you think is going on?

Jim Abolt: [03:23] Well, if telecom companies are not making progress with their AI initiatives, it's one or both those two things. Their ideas aren't big enough or their execution isn't bold enough. But I think a key point to make here is this isn't just a telecom initiative, everything I read says the vast majority of AI pilots are not achieving their intended ROI targets.

DR: [03:45] Yep. For sure.

Jim Abolt: [03:46] That's not unusual at all with early adoption of technology but the key thing is people should not mistake that for an AI problem, that's a leadership problem. If you go back to our very first podcast, remember we talked about transformational leaders?

DR: [04:02] Yeah.

Jim Abolt: [04:02] They're brainy, they're bold, they make big changes, to big things, and those big things are what build the business. And everybody's going to hear that ridiculously long string of B words and they're going to want to dismiss it as vapid marketing jargon. But you know what? That would be a big boo-boo because behind every big idea is a big leader, and big ideas really do build the business, and everybody knows a big idea when they see one. So for the first time ever, I experienced

Waymo. Wow. Waymo's incredible. So I've never written in a Waymo, but I've driven next to a Waymo, and I've never been more pleased to share the road. The operator of the Waymo isn't distracted, they're not drunk, they're not tired, they're not testy, they're not going to run me off the road if I accidentally cut in front of them. Waymo is outstanding. You see it and you know that it's great.

[05:03] Another thing—in China, they have something called dark factories where they're making EVs without any employees. And when you don't have any employees, you don't need any lights. Ergo the name, dark factories.

DR: [05:15] Wow.

Jim Abolt: [05:16] Those are great ideas but what I'd like to do is bring this back closer to home because you're not just an internet influencer, you're someone who runs companies, lots of companies. And I look at the things that you do inside of your companies, they're every bit as impressive as the examples that I just listed. You would epitomize someone who to me, marries big ideas with bold execution. So I've joked with you in the past saying, you should call yourself DR, The Disruptor Who's Right.

DR: [05:47] Yep.

Jim Abolt: [05:48] But you should call yourself DR, The Disruptor Who's Right.

DR: [05:51] I'm going to embrace it. I'm going to take it. No, I've worked really hard to be right

Jim Abolt: [05:56] You bet.

DR: [05:57] And then one of my really great mentors, Joe Liemandt, used to always say, find a parade and get in front of it. And so one parade that I jumped in front of was the public cloud, which I thought was a no brainer.

DR: [06:07] And that's proven to be true. And then now AI is a big parade that's going to absolutely work, not just in telco, everywhere. And I'm jumping in front of that parade. So am I right?

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Jim Abolt: [06:17] You're super right. DR, you're the disruptor who is right. You know what I love about it? It's funny, it's true, and it's you. I'll give you an example.

DR: [06:28] Okay.

Jim Abolt: [06:28] So I worked in a software company for 10 years.

DR: [06:31] Trilogy.

Jim Abolt: [06:32] I know that one of your biggest cost centers is developers. You have figured out how to 20x the productivity of your developers. Who does that?

DR: [06:41] Yeah. I think there's two parts to that, which is like is the technology ready and is it capable of doing that? And when AI first came out in late '22 and early '23, it was dicey. But, there's been really amazing coding capability advancements in the LLMs and in the tools that you can use as a developer and so there's been a little bit of a breakthrough. So no longer is it, it doesn't work. It does work. And so then it shifts to be more of a cultural problem. And you have to really apply all the things that, Jim, you've taught me about change management. The mind numbing repetition, changing the way we work, buying the tools, making it easy for them to do it.

[07:22] But I think of those people who are refusing to use AI to code as those people who probably wouldn't let go of their punch cards when programming languages came about.

Jim Abolt: [07:30] Sure.

DR: [07:31] And so they went through that shift, and I'm pretty sure there's no one holding onto punch cards anymore. It's the same thing now with AI. I ask my developers, have you written your last line of code? Because I do not think humans should be writing individual lines of code. They should be telling the AI what they want and it's just going to produce it. And because it can produce tens of thousands of lines of code in minutes, it's just changing what is capable in software.

Jim Abolt: [08:00] It's mind-boggling, isn't it?

DR: [08:01] Yeah. And so just like your dark factories example, there's a new thing coming about called swarm coding where

you have AI agents that are doing parts of your code and you just set them loose and they start coding. So we're going to have dark factories of coders where the machines are generating what we want. It's crazy.

Jim Abolt:

[08:19] So I really like that point because I think it really emphasizes what I believe is the primary point to this podcast. You need bold execution. You can't just go part way. And you're bold in your execution and you do things that other people are afraid to do, but you're never going to realize the benefits of AI if you don't do those things.

DR:

[08:38] You really have to think big. You really have to think, what does this look like in two years or four years? And then work back from that and just keep testing that thesis. Could we have it so that you just with your voice, talk to Claude or talk to the large language model and produce a telco carrier grade application? And that's the premise.

Jim Abolt:

[09:00] But it's remarkable what you've done already. So clarify for me. At Totogi, your developers used to produce several hundred lines of code a day, maybe up to 1,000. And now your most productive developers can generate 20,000 lines of code in a day?

DR:

[09:19] Yep.

Jim Abolt:

[09:20] Wow.

DR:

[09:21] Now, with AI you can produce literally thousands of lines of code. And I watched this with my own son. I sent Benjamin through Gauntlet AI this summer, and he built a game, he built a Snapchat clone, he took a GitHub repository and made it usable with AWS and cloudified it. Benjamin was producing 20 and 30,000 lines of code every single week, and he knew nothing. That's where we're at. I'm like, my kid's beating my developers. It's kind of like the four-minute mile.

Jim Abolt:

[09:50] Sure.

DR:

[09:51] Remember the four-minute mile? No one thought it was possible until there was a breakthrough, and then now everyone's running four-minute miles. Same thing.

Jim Abolt: [09:56] It really is a new world. So why don't we move to something you're doing that I believe is every bit as impressive as Waymo. It's not just your developers. What you did with your customer service really is remarkable.

DR: [10:08] Yeah. So another thing that we did that was really big around AI was customer support. A lot of people, so there was a lot of cost, and, really, humans were correlated to the volume of tickets, almost one-to-one. And then number two, a lot of data in one place. And it was mostly written documentation, so it was very easy to create AI tools around this. And so our provider, which was Zendesk at the time, their AI roadmap, it was really just augmenting the worker. It wasn't fundamentally rethinking the way support should work with AI. It would be like a max of 20% productivity improvement.

[10:43] And so again, we were like, let's think really big. What if we used AI to solve 100% of the tickets? And so at first it was like 5%, 6%. Every week, they were doing rewards for people who were coming up with ideas. They would try it on one product or one problem set, and then they moved to the next one. And sure enough, it was 20%, then it was 30%, then it was 50%-

Jim Abolt: [11:05] Starts to snowball.

DR: [11:06] Yeah. It really was. It was that flywheel effect that they talk about in the book, Good to Great. And now I think we're like 85%, and our headcount costs have gone down almost one-for-one. Our customers love it. The AI works 24 by 7, weekends, holidays, never sick. I don't have to train humans to change their behaviors.

Jim Abolt: [11:28] You know what causes all of that, by the way? Leadership. Everybody has access to the same AI tools that you do, but leadership is what made that customer service transformation happen. So I read this blog of yours a while back, and I know I'm biased, but I literally thought it was the best blog that I have read in ages. So much so that if I were on the board of AT&T, I would've sent that blog to John Stankey and asked him, why are we not doing that with our customer service rep? So I wrote you this complimentary note. I tried to be funny in my notes. I said, "DR, this note fired me up so much. I want to go out and eliminate some jobs this morning."

[12:08] So I think that I'm going to get a funny note back from you, but instead I get a note that says, "Jim, not everybody agrees with you, including this guy." In the note, he says, "You are so wrong."

DR: [12:19] Yes.

Jim Abolt: [12:20] Well, today I would like to formally respond to your detractor.

DR: [12:24] Yes.

Jim Abolt: [12:25] Sometimes the biggest obstacle to organizational improvement is the six inches between the ears of the leaders. Leaders today need to wake up to the reality that artificial intelligence now makes feasible lots of things that previously were only desirable. Your job is to find those things and create new performance capabilities and to do it faster than the competition because that's how you win. And you know what? No one knows how to do that better than DR, The Disruptor Who's Right.

DR: [13:00] Well, yeah. You're talking about the Shift Left Blog.

Jim Abolt: [13:01] I am talking about the Shift Left Blog.

DR: [13:03] Yeah. The idea with the Shift Left Blog was that to get value from AI, you need to actually eliminate work from humans. It's not just augmenting them. We are going through the biggest transformation of work I've ever seen certainly in my lifetime.

Jim Abolt: [13:19] In history.

DR: [13:20] Yes. Every single job is going to be redesigned

Jim Abolt: [13:23] Without question. And people need to be bold in their approach. And that comment that the guy made to you, that encapsulates what the problem is in all organizations because people are reluctant to execute as boldly as they need to.

DR: [13:38] Well, I think his word was you're being irresponsible or you're being reckless, and I'm like, I'm being reckless in warning people that we're going through the biggest work transformation ever, and you need to prepare your people and

jobs will be eliminated, but jobs will be created. And I think I'm being helpful.

Jim Abolt: [13:59] By the way, you are a master of what I call being brutally honest without being brutal. You tell the truth even when it's difficult to do so.

DR: [14:10] Yeah. No, I think actually I learned a lot of that from you, Jim. When you came into Trilogy, we did the first layoff and we really did that through transparency and honesty I think. People just want to know and they want to plan.

Jim Abolt: [14:24] I just couldn't agree with this more. But AI is coming for all of us. I'm happy it's coming for all of us because eventually it's going to improve the world. But if you're in that situation, you're scared. Well, the thing that I've seen that you do is that you help the others who are staying to realize there are some really exciting opportunities that are now going to be created by AI in the workplace.

DR: [14:49] Yep. It's already happening. If your company is embracing AI, you should volunteer for those AI opportunities. You should go to those training classes. You should read the books. You should train yourself. And so you might be a service to your company. You might get laid off, but you'll be prepared for the next transition. I can't imagine not doing that as a worker today. You have to be embracing AI. I'm like, it is totally here.

Jim Abolt: [15:13] It is. And so if I was going to give the simplest advice to anyone as to what they should do if they want to accelerate the adoption of AI in their organization, it'd be to listen to DR.

DR: [15:23] Well, I've had really great mentors to learn from, you. And also how I met you was through Trilogy and Joe Liemandt and talked about someone who's getting in front of a parade, that guy's getting in front of the AI in education parade. And he dropped a crazy monster podcast on the "Invest Like The Best" Series, and he actually mentioned you by name on the podcast as being a unique HR executive with exceptional business acumen. And so my question to you is how has thinking like a business person rather than a functional expert helped you in your career and how did you learn to do that?

Jim Abolt: [15:59] So let's put this in perspective for me. There's this reclusive software billionaire who hasn't spoken to anyone in 20

years. And as you might expect, he says, one of my most important mentors was Jack Welch at GE. I'm saying, well, of course that is. But then he says, the best business advice I ever got was from Jim Abolt.

DR: [16:24] That's so awesome. Yeah.

Jim Abolt: [16:27] This is a cool moment. Anyway, back to your question. Years ago I was listening to an interview with Michael Eisner. At the time, he was the highest paid executive in the world. He was the CEO of Disney. And I remember the interviewer saying to him, "Wow, you're a great marketer." And he said, "I actually prefer to think of myself as a business person who has deep expertise in marketing." And I remember thinking at that moment, wow, that is a big idea. And I don't want to be just an HR expert. I want to be a business person who specializes in HR. And this is an HR thing. If you're an IT professional or marketing, for whatever it is, be a business person who specializes in your area.

DR: [17:11] Absolutely.

Jim Abolt: [17:12] Number one, it'll make you more relevant. Number two, it'll make you more impactful. But importantly for me, it just makes your job more fun. So I think it's a great way to think about your career.

DR: [17:22] Yep. With that, I think that's a great way to end the podcast. And so Jim, as always, such a wonderful guest. Thanks for coming onto the podcast again.

Jim Abolt: [17:29] Thank you for having me.

DR: [17:37] Stick around. We end each podcast with a "Telco in 20" takeaway. I've got two minutes to tell you something you need to know.

[17:47] Jim nailed why AI isn't delivering ROI for Telcos. Your ideas aren't good enough and your execution isn't bold enough. I get it. Telcos are trapped in a margin conundrum. Infrastructure costs are fixed, ARPU is flat, and your only lever is squeezing OpEx. So when AI arrives, you treat it like every other cost play. 2% savings here, 5% there. But AI isn't a cost tool, it's a capability multiplier. You can't multiply your way out with baby steps.

[18:21] So, telcos don't settle for AI enhanced Amdocs and Oracle systems. That idea isn't good enough. Here's a test for you. If your AI initiative succeeds beyond your wildest dreams, does your board even care? If the answer is kind of, kill that initiative. Pick something where 10X improvement changes the game. Subscriber growth, churn reduction, increased ARPU. Jim reminded us, leadership isn't easy, especially big change leadership. It's hard. Not everyone can do it. That's why it's so special.

[18:55] The telcos winning with AI know their current experts will hate the changes AI brings. Totogi's support team fought us for months. Our developers said it wouldn't work. But the path to AI ROI runs straight through your best people's objections, not around them, through them. That's how Totogi hit 85% automated support and 20,000 lines of code per developer daily.

[19:21] Ready to make this happen at your telco? Then you need to work with DR, The Disrupter Who's Right. DM me on LinkedIn or X @TelcoDR so we can talk. Until then, tune into more "Telco in 20" episodes, like and follow, and leave us a five star review. Don't forget to sign up for my must read email newsletter on TelcoDR.com, and check out our awesome YouTube channel and hit that subscribe button. Later, nerds.