



# TODAY

MARCH 1987

VOLUME 2 NO. 3

*"The great gift of change is that it continually replenishes the stock of new ideas that might be brought to life."*  
—An Wang

In his recently published book, *Lessons*, the founder and chief executive of Wang Laboratories talks of change in a positive context: change brings new ideas. In a business sense, change can also mean merger, acquisition, reorganization and debt restructuring.

Change has been rapid and dramatic in the telecommunications industry as corporations rush to streamline and to concentrate energies on more narrowly defined lines of business.

The past year has seen major organizational changes announced by AT&T, MCI Communications Corporation, Satellite Business Systems and IBM as telecommunications firms scramble to compete.

Even COMSAT, stalwart corporation in an industry besieged by start-ups, has reacted to change with its recent reorganization and planned merger with Contel. Change, then, is wreaking havoc on the industry. Or is it?

COMSAT Corporation Control Center Manager Bill Everts has seen a lot of change in the past 20 years. When he began work at COMSAT in 1967, telemetry, tracking, command and control functions were done at individual earth stations; now they're centralized at a master control station. Analog equipment has long since given way to digital equipment. And redundant computer systems have replaced tedious "look-up tables."

If computer systems have given Everts the speed, accuracy and

## Inevitable Product of Progress



**change (chanj) vi. 1. to become different; alter; transform; 2. to pass from one phase to another.**

While Webster's Dictionary defines change in its most clinical form, the reality of change is much deeper than that. This issue of *TODAY* takes a look at how change has affected the industry, the company and its employees.

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reliability to do his job better, then discipline and tenacity have helped him to deal with the changes that technology wrought.

"You have to be adaptable in this business," says Everts. "The very nature of satellite operations requires a certain mind-set. You have to take change in stride."

Jack Lehan, who joined COMSAT 20 years ago, got more change than he could have foreseen back then as a budget analyst in the accounting department. Currently director of tariffs, pricing and cost analysis for COMSAT International Communications, Inc., Lehan has seen COMSAT's business make the transition from a monopoly to the competitive marketplace.

Change, he says, is beneficial in that "it keeps things interesting. Anyone can get stale. Change opens up opportunities," he says. A little apprehensive when he began his career change, Lehan now says, "Work is more fun than it used to be—I enjoy coming to work every day."

For some people, change is not only inevitable, it's a natural consequence of the technology revolution. At least that's the way Mike Onufry sees it. Onufry, manager of voice band processing department, Communications Technology Division of the Labs, says change is a normal way of life for R&D people.

"We try to be the instigators of change," says Onufry. "I think we're more comfortable with change than those who work on the operations side of the house."

*(See Progress, page 6)*

When the Brewster, Wash. earth station closes later this month, it either will mark the end of an era or the beginning of one—depending upon your point of view. But philosophical differences aside, one thing is clear: the times they are a changin'.

The closing of Brewster on March 31, and of Andover at the end of the year, followed by the 1988 transfer to AT&T of Etam, Jamesburg and Roaring Creek earth stations are a result of changes in the earth station ownership policy. And, of course, change begets change.

Traditionally, COMSAT's principal revenues have come from its jurisdictional business—the INTELSAT space segment and earth station communications services like those provided by COMSAT's multi-purpose earth stations for the past 20 years. As a carrier's carrier providing monopoly service to AT&T, RCA, ITT, and others, COMSAT has in many ways been insulated from the competitive marketplace. But that, too, is changing.

The loss of revenue from COMSAT's jurisdictional earth stations, along with the tumultuous marketplace that sprung up in the wake of deregulation, helped spark the competitive changes that COMSAT is now undergoing.

Business strategies may change, but

## COMSAT Adapts to Changing Times



the principles on which a company was founded don't have to follow suit. "Integrity, quality of service, technical expertise and a desire to promote telecommunications on an international scale—these principles were established early in COMSAT's life and they remain today," says Harry Gross, vice president of operations for CICI.

"What we have to do now is continue with these basic principles, reduce costs so we're competitive, aggressively develop new products and services and pursue customers since, unlike in the

past, they no longer have to come to us," Gross adds.

Gross, a 20-year COMSAT veteran, has seen the evolution of the company from a monopoly provider to an innovative competitor developing diversity such as CTP's product line, CTS' technical service offerings and COMSAT International's telecommunication services.

As a participant in the company's change, Gross has helped CICI enter the international telecommunications market as an emerging full-service carrier providing International Business Services, television, traditional lease and switched telephony services on an end-to-end basis.

As evidence that it can adapt to change, CICI is emphasizing service via traditional INTELSAT satellites, but is also offering service via analog and digital cables, both domestically and internationally.

"In the short term, it's going to be difficult as the corporation restructures," says Gross. "Each of us will have to do more, do it better and be more innovative if we are to succeed.

"But," he adds, "in the long run, the changes will be good for COMSAT and its employees, and ultimately we will emerge much stronger than before as we prove ourselves to be a capable competitor." ●

## Layoff Issue Addressed

Companies competing in today's telecommunications marketplace find it filled with intense competition and a rapid advancement and converging of technologies. As a result, many corporations are restructuring in an effort to compete more effectively in an environment subject to constant change.

While restructuring may contribute to a company's long-term health, it can, at the same time, be painful. One particularly painful restructuring process is a reduction in force, also known as "downsizing." The term generally means a corporation has found it necessary to cut operating costs to compete more effectively. But employees often put more meaning into the term.

A random (and unscientific) sampling of COMSAT employees revealed a thinking that employees who ask "too many questions" or who are disliked personally by their manager are primary targets during RIFs. "They're the first to go," says one employee.

"This kind of thinking simply isn't accurate," says Robert Baumann, vice president, Human Resources and Organizational Development. "COMSAT Corporation's downsizing process is a structured and disciplined process that requires review by seven levels of management on three separate occasions before it's implemented."

Baumann explains that the process is influenced by two considerations.

The first consideration is that all employees are entitled to due process. "No employees at COMSAT Corporation will find themselves in a position of being told their jobs are eliminated unless a decision has been made and reviewed by at least three levels of management," says Baumann.

The second consideration is preservation of the employee's dignity. "COMSAT people are generally good workers," continues Baumann. "Most often, jobs are eliminated because of budget constraints. So the corporation approaches the matter with a sensitivity towards the employee."

In its strategic plan announced in 1986, the corporation set as a goal an  
(See Layoff, page 6)

COMSAT Corporation last month announced a reorganization into two major divisions and three separate units. The World Systems Division, consisting of the company's jurisdictional INTELSAT and INMARSAT businesses, is headed by President Bruce Crockett. The Information Systems Division, with Joel Alper as its president, consists of COMSAT General, Amplica, COMSAT Technology Products, COMSAT Government Systems and COMSAT Technical Services. (See chart below).

To find out more about the reorganization, *TODAY* talked with Alper and Crockett.

### Information Systems Division

According to Alper, the new organization is, in part, a response to recommendations made by a study conducted by Deloitte, Haskins and Sells. The objective of the study was to look at the company's cost structure and identify areas of duplication which could be eliminated.

"Looking at the package of responsibilities that I now have, I see there has been some attention paid to these problems of cost structure," Alper said. "But undoubtedly there are some additional economies that are possible. That's one of the things I'm looking at now."

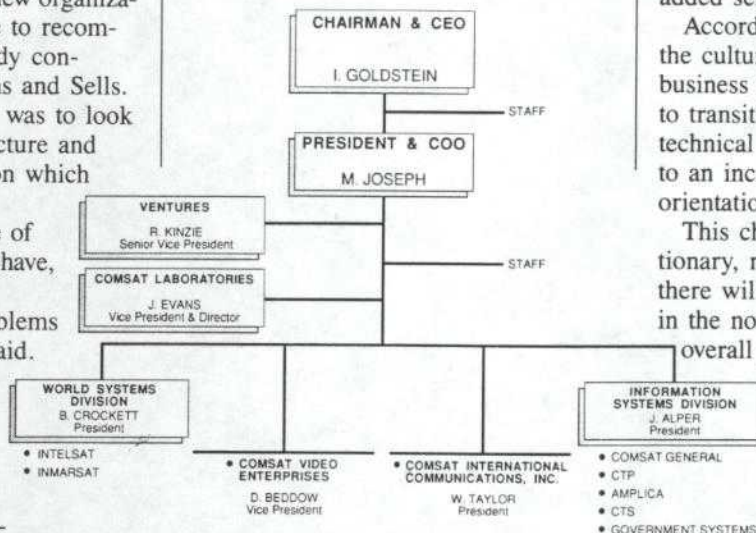
In addition to gaining increased understanding of some of the business areas, Alper said he will "take all the necessary steps to meet our plans for this year, at the



Joel Alper

## New Division Chiefs Look At Reorganization

# CHANGE



same time assuring that there is a future for the major business lines."

Here's what Alper had to say about each of the five businesses in the Information Systems Division:

**COMSAT General.** "We have a major operational function with the Marisat program and the COMSTAR satellites. There is the prospect of additional satellite resources becoming available later, and we have a program to market all these resources. The NBC program is the mainstay of the revenue forecast for the year, and every effort is being made to assure customer satisfaction in the service being provided."

(See Alper, page 4)

### World Systems Division

One of the greatest challenges facing World Systems Division President Bruce Crockett is leading COMSAT's jurisdictional businesses in a new and different marketplace. Issues such as separate systems, the undersea fiber optic cables and questions of new and varied services, including competitive maritime offerings, are among the changes affecting COMSAT's core business.

"As we begin the transition to meet the realities of the marketplace, you'll see an increased emphasis on marketing and sales," said Crockett. "We'll be giving the business a customer orientation, allowing us to meet the competition as it develops and to put us in a position of offering value-added services for our customers."

According to Crockett, a change in the culture of the jurisdictional business is needed. "I think we have to transition from the traditional technical and engineering orientation to an increased customer service orientation," he said.

This change, said Crockett, is evolutionary, not revolutionary. "While there will be some changes announced in the not-too-distant future, the

overall process will take an extended period of time to put in place." Crockett said the increased emphasis on marketing research, sales and customer orientation will become apparent very soon.

"Our marketing and sales staff will be increasing dramatically, and we'll be adding to our business development group and our planning effort," he

(See Crockett, page 6)



Bruce Crockett

These days, the operative word at COMSAT Corporation is *change*. The corporation has just undergone a major reorganization to become more responsive to the marketplace. In turn, the human resources department has reorganized to become more responsive to the corporation's changing needs.

"The staff has essentially been decentralized," says Robert Baumann, vice president, Human Resources and Organization Development. "Employees benefit from this move because they now have *full-service* human resources staffs dedicated to each major location."

In the new H.R. organization, five directors report to Baumann. (See organization chart below.) The four on-site directors and their staff are responsible for developing programs which best fit the organizations they support.

Bambi Kirkpatrick's Corporate H.R. staff has a more traditional staff function, providing overall support to the on-site directors and developing policy and programs applicable to the entire corporation.

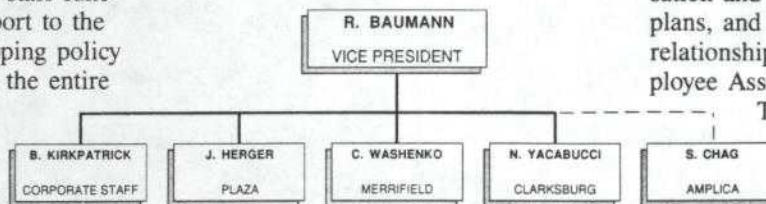
"Before the reorganization, Human Resources was functionally organized along traditional lines:

benefits, compensation and employee relations as examples. What the reorganization has done is allowed us to downsize and at the same time, marshal our resources to offer more effective service to the corporation," explains James Herger, Plaza Human

## Human Resources Staff Reorganizes



### HUMAN RESOURCES DEPARTMENT



Resources director. Herger oversees H.R. matters affecting both line and staff functions located at or reporting to organizations at the Plaza.

"Decentralization actually aligns us better with the company's profit and loss centers," adds Nick Yacabucci,

Clarksburg human resources director. "We have an opportunity to work closer with these centers to understand their needs better and do what we can to help them build strong organizations," says Yacabucci.

Carl Washenko, Merrifield human resources director, agrees with Yacabucci's thinking. "Now that there is more autonomy on a local level, I'm able to respond better to the business' needs," says Washenko. "Before the reorganization, the H.R. staff at Merrifield reported to the CTP president. My coming to Merrifield, wearing a corporate hat, allows me to bring a much broader perspective to the business."

Another broad responsibility assigned to Washenko is the coordination of staffing for all of the D.C. area facilities.

All of the on-site directors are busy developing or supporting employee-oriented programs related to compensation and benefits, affirmative action plans, and developing a closer working relationship with the COMSAT Employee Association.

The Federal Communications Commission is expected to make a decision regarding the proposed Contel-COMSAT merger soon. The decision is likely to bring about more organizational change within COMSAT Corporation. H.R. stands ready to meet the challenge.

(Alper, from page 3)

#### COMSAT Technology Products.

"The VSAT business is moving into high gear and we're pursuing a number of opportunities. Hopefully some of these will bear fruit very soon. Meanwhile, we are taking a hard look at our cost structure."

#### COMSAT Technical Services and COMSAT Government Systems.

"Both of the businesses seem to be on target. We have a number of well-defined opportunities this year, one of which is extremely large—the Department of State telecommunications net-

work. We're also teaming with Unisys on a bid to the National Weather Service for the next generation weather data processing and communications system. There also are a number of videoconferencing room prospects, and some interesting possibilities in the medical communications field."

**Amplica.** "Some of the programs that were started two to three years ago are proving to be applicable to new opportunities for Amplica in higher levels of integration in defense electronic systems. They represent potentially very large future opportunities."

Alper said he is pursuing his plans in expectation that COMSAT and Contel Corporations will be merged in a few months. "So even as we consolidate organizations and seek necessary economies, we must be prepared to move into a new organization, to take the next step in terms of the merged COMSAT."

In the meantime, he says, it's business as usual. "We have a business to run and a mandate to run it as effectively as possible. It's an exciting time but also a time of great anticipation. Hopefully it will all come together as quickly as possible."

# COMSAT Employees Work with Project Share

In 1985, INTELSAT and the International Institute of Communications introduced a program known as Project SHARE (Satellites for Health And Rural Education). The program was created to demonstrate the benefits of using telecommunications for health care and education purposes in rural and remote areas. INTELSAT provides free space segment to INTELSAT Signatories for provision to qualifying applicants for this purpose.

The program's intent is to illustrate and encourage new uses for the global satellite system. "Once the project application and the benefits have been demonstrated, it is hoped that future commercial arrangements can be developed," says Carl Sederquist, Director, Customer Services, World Systems, INTELSAT Satellite Services (ISS).

As U.S. signatory, COMSAT INTELSAT Satellite Services donates uplink/downlink and space segment to U.S. earth station operators willing to participate with their qualified INTELSAT earth stations. The signatory



**Carl Sederquist**

in the country receiving the transmission donates the space segment and the earth station facilities.

Diane Little (ISS Operations Specialist) has spent a great deal of time on Project SHARE in between her normal service planning activities. "We've accomplished numerous international videoconferences," says Little. "Not only do we arrange for U.S. uplink/downlink space segment services, we provide as much information as possible concerning how the applicant can conclude the interconnection to the international earth stations and assist in arrangements with the foreign earth

station operating authorities."

Project SHARE applicants are responsible for making arrangements beyond the INTELSAT system for the international broadcasts. This appears to be the most difficult part for the applicant. Some Project SHARE programs have not been carried out because the applicant could not conclude the arrangements necessary to interconnect to his domestic locations.

It is believed that the SUNY-China MBA project, currently in development, could be one of the most promising SHARE projects yet.


The State University of New York in Buffalo and SINOPEC, a petro-chemical company in China, are developing a program whereby senior and middle managers at SINOPEC could study international trade law and finance via satellite.

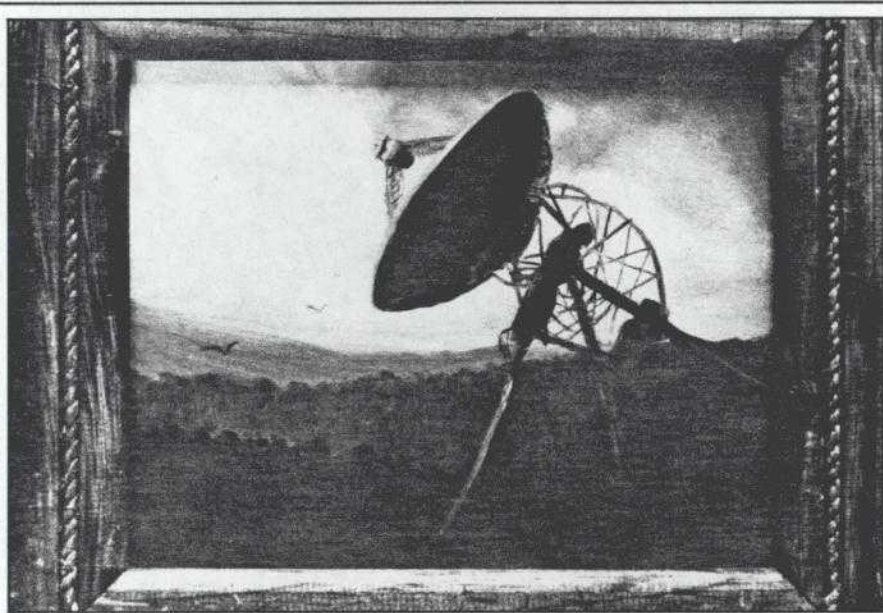
These entities believe management training via satellite is a positive step. It allows SUNY faculty to instruct, perhaps eventually to multiple locations within China, without international travel or associated costs. SINOPEC gains visibility within China with its innovative effort to broaden the business experience of its managers.

"Right now, SINOPEC is working to coordinate arrangements with INTELSAT's signatory in China, the Ministry of Post and Telecommunication," says Sederquist. "The project's outcome will be determined by the signatory's willingness to participate. Everyone's hopeful that the project is implemented sometime this spring."

The China MBA program calls for a dozen 1.544 megabit videoconferences: six live, interactive sessions lasting an hour each and six one-hour, one-way, videotaped sessions.

ISS plans to coordinate additional demonstrations before the program's scheduled ending—December 31, 1987.

So far, it is too early to determine the commercial benefits that have accrued from our Project SHARE activity. But what it *has* accomplished is probably best summarized by words found in Project SHARE literature: "It has emphasized that telecommunication technology can be the great equalizer." 



"Voice in the Wilderness," an oil painting by Peter Whitaker, was a first-round winner in an art competition co-sponsored by the International Telecommunications Union and COMSAT Corporation. Peter, 15, is the son of Robert Whitaker, manager of computer networking, Systems Development, COMSAT Labs. Peter was among 20 local winners out of more than 160 entrants. He will receive a trophy, and his entry will be forwarded to the international round of judging at TELCOM '87 in Geneva, Switzerland this fall.

*(Layoff, from page 2)*

annual 15 percent reduction of overhead costs. Another goal set forth in the plan was a transformation of COMSAT Corporation into a more market-driven organization. Sometimes, positions must be eliminated if the company is to meet such goals. When this situation occurs, here is how the corporation responds.

The first step to downsizing within COMSAT Corporation is to determine which employees will be directly affected. Such determinations may be rather clear in situations where the company has changed its business direction. But in cases where budget is the issue, the decision may be more difficult. To guide managers in making a decision, they are required to perform a "forced ranking" evaluation of direct reports. The standard criteria used in the evaluation centers on employee performance. Evaluation of information regarding length of company service, educational credentials, previous experience or demographics is not permitted.

Next, the evaluator's manager and appropriate human resources director review the decision. The corporation's internal legal counsel also interviews the evaluator to make sure the decision is fair and equitable.

Finally, an "impact review" is conducted. An impact review is a statistical analysis which shows whether a class of employees (women, for instance) is adversely affected by the downsizing. The appropriate human resources director plus internal and outside counsel handle the review.

"Employees often ask why the process takes so long. The answer to that question is because there are many steps in the process," says Baumann. ☉

*(Crockett, from page 3)*

said. "Other changes," he added, "will depend on facts and circumstances that evolve over time."

Turning to the possibility of a merged COMSAT, Crockett said the jurisdictional business would be the least affected by a merger since the basic mission would remain the same.

But he said it may become necessary for the jurisdictional business to become even more autonomous from the competitive business. "It's possible that there will be more emphasis on the government rules as they relate to the insulation of jurisdictional business from competitive business."

Crockett added that while there is a lot of talk and effort devoted to "merger watching," it's important to continue to focus on the underlying businesses. "They continue to need management and leadership, and we shouldn't be distracted by transition or merger activities. From my perspective, it's business as usual." ☉

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in a hurry?  
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*(Progress, from page 1)*

Onufry, who worked on the evolution of echo control from echo suppression to echo cancellation adds, "You have to remain flexible in this business and adapt to situations as they change. That's the key."

For Everts, Lehan and Onufry, whose combined COMSAT experience totals more than 50 years, change



One caller suggested establishing a purchasing council throughout the corporation to ensure that COMSAT is getting the best prices and deliveries from its vendors. According to Corporate Services Vice President Ron Mario, the company is consolidating in the Purchasing Department the purchase of goods or services common to all COMSAT units or locations, such as systems hardware and software, office supplies, courier services, etc. Also, he says, when the new computerized Purchasing, Receiving, Payable system (PREAP) is fully operational, "we will have access to the total activity with each vendor, not just that performed by one's specific purchasing unit."

Several employees called to report offices that were too hot or too cold, and they were referred to Corporate Services' Alan Duncan on ext. 6662. January's heating problems resulted from the collapse of a wall that housed a heating and air conditioning unit at the Plaza. During the time it was rebuilt, no interior air was circulated. For several weeks the system was unable to move the air and to exhaust the heat from the sun and from people. Corporate Services is installing hot water baseboard heat and electric baseboard heat in colder sections of the building to avoid the need to heat the entire building and to respond to legitimate individual needs. ☉

means improved technology, career enhancement and product evolution. While they are but three voices among many, their comments are similar to others who work in an industry characterized by continual change.

If, as An Wang wrote, the new ideas generated by change are a great gift, then the adaptability of those whose lives are affected by change is an even greater contribution. ☉