

Ask your
customers
what high-quality
service looks like
to them, then
make it happen.

John Zrno: Industry's Top Spot for Service is Wide Open

IXC is aiming to be the premiere provider of voice, data and Internet services to small and medium-sized businesses worldwide. It's a lofty goal with no shortcuts, but the path couldn't be more direct: just achieve a reputation for high-quality service. By doing so, we'll set IXC apart from the rest of the industry, where most customers feel under-served and over-burdened by the inefficiencies of their communications providers.

Here are some of the ways each of us can distinguish ourselves for customer service in this industry:

1. Take responsibility for execution. Customers don't care who dropped the ball, and neither do I. Talk to departments upstream from your own to find out the limitations under which they're operating so that you can build in accommodations. Then pave the way for successful execution for those who follow you. If the systems we're

dependent on today are less than perfect, create a work-around to tide us over. If we all do that, fewer items will slip through the cracks.

2. Behave as though you're paid based on customer satisfaction — because eventually you will be. Ask your



customers what high-quality service looks like to them, then make it happen.

3. Sell what we have in inventory today. Nothing brings a customer down faster than the realization that a supplier can't deliver on its promises. Once you disappoint a customer, he or she is never a prospect again. Don't put us in that position. Instead, find customers who want what we have to sell today.

4. Execute, execute, execute. Honest effort that results in a mistake is okay. Lack of effort is wrong. If one tactic isn't working, try something else. There's no magic formula — just good old hard work.

The global telecommunications industry is estimated to be a \$1 trillion business. I believe at least one-tenth of one percent of that \$1 trillion — \$1 billion — is earmarked for a company that can deliver exceptionally high-quality service. That company will be IXC.

'We must focus the resources of each company on increasing revenue, both during this pre-merger' period and after we've formally combined to become one new company.'

• Rick Pontin

John Zrno: Stay Focused, Stick to Values

Because mergers are times of uncertainty as well as certain change, they test people like few other events in business.

For one thing, the amount of work on everyone's plate grows. You may be asked to work on a transition-related project, or to fill in for a teammate who's been tapped to help with the merger. Sometimes the people you work with leave for opportunities they think will give them a greater degree of control over their destinies.

Also typical is that the flow of merger-related information slows or stops altogether. That's not willful; it's simply unavoidable. For one thing, we're restricted in what we say by the SEC during an initial "quiet period," before proxies go to shareholders. For another, exploring how two organizations can work together productively and create more value for customers, employees and shareholders is complex stuff.

Finally, during mergers, many people don't act like themselves. Their uncer-

tainty about the future causes them to say and do things they normally wouldn't. That's stressful for everyone. Even though the change upon us is going to be a powerfully positive force, change of any kind creates stress.



How do you cope — or, better yet, thrive — at a time like this? Here are my thoughts:

- Stay focused. IXCers know their mandate: increase revenues, decrease costs and improve customer satisfaction. I don't know of a better way to control your destiny than to outperform expectations.
- Resist spreading unconfirmed rumors. If you hear a rumor, ask your manager, ask me, ask transition leader Rick Pontin or send an inquiry to *Response Time* on the iweb. If we know the answer, we'll answer you truthfully. If we can't

answer, we'll tell you why.

- Be a team player. During the transition, you'll have the chance to forge relationships that, later down the road, will influence business results.
- Live the values — IXC's or ones that work for you. My own set include: treat others with respect, fairness and courtesy; be honest and demonstrate integrity in every action; conserve the company's resources as though they are your own; live up to commitments; and demonstrate a sense of urgency on matters related to customers.

I came to IXC to help us be a premier provider of voice, data and Internet services known for exceptionally high-quality customer service. Our merger with Cincinnati Bell gives us the tools to get there. Change may be stressful, but it's the source of new ideas, new opportunities and a great time to show what you're capable of. Go at it with everything you've got.

Rick Pontin: IXC Critical to New Company Growth Strategy

Leading the transition effort that will create a new telecommunications powerhouse is both tremendously challenging and richly rewarding. Every day we find ourselves seeing and dealing with the "trees" — the many details involved in bringing together Cincinnati Bell and IXC. Yet it's vitally important to never lose sight of the "forest" — the enormous opportunities just waiting to be seized.



I appreciate your patience as we continue to move through the current "quiet period," where SEC restrictions prohibit discussion

about what lies ahead as we build our new company. I'm proud of the dedication shown by our 12 transition teams, which will be working on specific "pieces of the puzzle" over the next few months. I'm looking forward to sharing with you the results of their efforts as soon as possible.

One of the most common concerns during a pending merger is the relationship between the two companies. In our case, please understand that this is intended to be a partnership. Unlike many business deals, the Cincinnati Bell-IXC merger isn't motivated by the opportunity to reduce redundant costs, because there aren't many. Instead, we

offer each other the missing ingredients that will allow us to grow and become the industry leader we each aspire to be. Our two companies complement each other in many ways, giving us the chance to compete successfully in the global telecommunications industry. You don't have to work with me for long to understand that I'm all about winning. That's why I'm so excited about the work we're doing right now, and the positive attitude I'm seeing throughout both companies. We're putting ourselves in a position to win, and win big!

Let me share one rule of thumb that may help all of us make the daily decisions that set our priorities and affect our future: *Increasing revenue by one percent has five times more impact on the bottom line than decreasing operating expenses by one percent.* Therefore, we must focus the resources of each company on increasing revenue, both during this "pre-merger" period and after we've formally combined to become one new company. And rest assured that the opportunities for growth within the areas we already serve are phenomenal.

John Zrno is right when he says to stay focused on achieving our immediate plans. If issues arise and become obstacles to hitting your targets, they impact us not only today, but tomorrow as well. We are committed to removing any roadblocks between us and our

goals. Please talk to your manager, contact John or me, or use *Response Time* if anonymity is important.

I have already had the privilege of visiting with many IXC employees, and I look forward to meeting more of you. As the transition continues to unfold, let's all keep our eyes on the prize. Thank you for your efforts.



IXC Communications, Inc.

1122 Capital of Texas Highway South

Austin, Texas 78746

800-847-5705 • 512-231-5100

www.ixc-comm.com

**WE BRING PEOPLE AND INFORMATION
TOGETHER.**

©IXC Communications, Inc.

To submit information,

e-mail to: editor@ixc-comm.com or call

512-340-2538.

Rick Pontin: IXC Critical to New Company Growth Strategy

Leading the transition effort that will create a new telecommunications powerhouse is both tremendously challenging and richly rewarding. Every day we find ourselves seeing and dealing with the "trees" — the many details involved in bringing together Cincinnati Bell and IXC. Yet it's vitally important to never lose sight of the "forest" — the enormous opportunities just waiting to be seized.



I appreciate your patience as we continue to move through the current "quiet period," where SEC restrictions prohibit discussion

about what lies ahead as we build our new company. I'm proud of the dedication shown by our 12 transition teams, which will be working on specific "pieces of the puzzle" over the next few months. I'm looking forward to sharing with you the results of their efforts as soon as possible.

One of the most common concerns during a pending merger is the relationship between the two companies. In our case, please understand that this is intended to be a partnership. Unlike many business deals, the Cincinnati Bell-IXC merger isn't motivated by the opportunity to reduce redundant costs, because there aren't many. Instead, we

offer each other the missing ingredients that will allow us to grow and become the industry leader we each aspire to be. Our two companies complement each other in many ways, giving us the chance to compete successfully in the global telecommunications industry. You don't have to work with me for long to understand that I'm all about winning. That's why I'm so excited about the work we're doing right now, and the positive attitude I'm seeing throughout both companies. We're putting ourselves in a position to win, and win big!

Let me share one rule of thumb that may help all of us make the daily decisions that set our priorities and affect our future: *Increasing revenue by one percent has five times more impact on the bottom line than decreasing operating expenses by one percent.* Therefore, we must focus the resources of each company on increasing revenue, both during this "pre-merger" period and after we've formally combined to become one new company. And rest assured that the opportunities for growth within the areas we already serve are phenomenal.

John Zrno is right when he says to stay focused on achieving our immediate plans. If issues arise and become obstacles to hitting your targets, they impact us not only today, but tomorrow as well. We are committed to removing any roadblocks between us and our

goals. Please talk to your manager, contact John or me, or use *Response Time* if anonymity is important.

I have already had the privilege of visiting with many IXC employees, and I look forward to meeting more of you. As the transition continues to unfold, let's all keep our eyes on the prize. Thank you for your efforts.



IXC Communications, Inc.

1122 Capital of Texas Highway South

Austin, Texas 78746

800-847-5705 • 512-231-5100

www.ixc-comm.com

**WE BRING PEOPLE AND INFORMATION
TOGETHER.**

©IXC Communications, Inc.

To submit information,

e-mail to: editor@ixc-comm.com or call

512-340-2538.

Heating Up Results, One Bucket at a Time

Try to raise the temperature of the ocean by one degree and you'll find it's impossible. A large lake? You can't do it. But if someone puts five buckets of ice water on the table and says "Boil these," you know exactly what to do, and you can do it in short order.

That gives you an idea of my recipe for success in business. Pick the five most important things to accomplish, make sure you channel the entire company's energy into specific actions geared toward those goals, and then — only when you've tackled them effectively — go on to the next five things.

That's what we're doing with the Provisioning Action Team, which began meeting weekly after Labor Day to address our No. 1 priority. We're bringing together the people with the greatest stake in the provisioning process — the managers closest to it, and the executives who are most dependent on it or can most influence it. We're covering all facets of the process — whether it's selling the service, getting good orders, building the network, designing around customer requirements, or tracking the whole process. Then we



walk through the top 50 revenue orders in both our carrier backlog and our business services backlog. It's tedious and time-consuming, but it gives us a "worm's eye" view of what's happening in our business, identifies the barriers, illustrates how we should be applying resources in each department and, eventually, will relieve bottlenecks that employees deal with every day — bottlenecks that can cost us existing and new customers.

We're combining this detailed analysis with development of a sales management tool that will ensure that orders going in on the front end have all the component information necessary to produce a clean order. And we've formed another action team to address local access, which is a huge opportunity for this company if we buy, install and manage it cost effectively. This is crucial work that speaks directly to how successful we can be. If we can "boil the buckets" that contain order processing, provisioning and local access, we'll "raise the temperature" on our customer satisfaction, revenue generation and overall company performance.

In my career in operations, I've seen time and time again that no one can do it alone. It takes everyone on the team pulling together, helping each other, and being accountable. We have some important and difficult calls to make as we move forward, but those decisions will be a lot easier — and a lot smarter — if we can tap into the vast reservoir of data and know-how throughout IXC. Each employee is in a unique position, seeing our internal processes and/or customer-facing activity as no one else can. Share what you know. Becoming

"world class" in the eyes of our customers is a foregone conclusion if each one of us is willing to be a leader in taking us there.

— Rick Pontin



IXC Communications, Inc.

1122 Capital of Texas Highway South

Austin, Texas 78746

800-847-5705 • 512-231-5100

www.ixc-comm.com

**WE BRING PEOPLE AND INFORMATION
TOGETHER.**

©IXC Communications, Inc.

To submit information,

e-mail to: editor@ixc-comm.com

or call 512-340-2538.

Notes From the Boss

As we strengthen our efforts to get closer to our customers — the boss — I think it's appropriate to ask them to share their views on their relationships with you and the IBM Corporation. Here is the first installment of Notes From The Boss. I hope it provides food for thought and heightens your awareness of what our customers expect from — and appreciate about — IBM.

Tom Sprott

By Les Clark, vice president, Systems/Engineering, Marion Laboratories, Inc.

I am encouraged by the intense focus IBMers are placing on their relationships with customers. And, so that you and I can have a meaningful conversation, I ask that you understand *my* customers. The demands I make of IBM are the same demands my customers make of me. I think of myself as an intermediary.

Here at Marion, my customers — Research and Development, Sales and Marketing, and Manufacturing — are increasingly sophisticated users who demand that the I/S staff and its vendors change the way we serve their business needs and add value.

My customers demand that I:

Be business driven. I/S is not about technology or gee whiz stuff anymore. As I/S professionals, our ability to control, guide, counsel and direct is changing as the "power users" in our organization develop a working knowledge of the computer. The issue we face now is, how do we manage today's

fast-paced technological environment? How do we harness it to make sure it applies benefit to the corporation?

The answer lies in being business driven. Our customers ask, "Do you understand my business needs?" "Can you relate to my problems?" "Can you get up to speed with my glossary?" "Can you come in and have an impact quickly?"

We used to tackle user requirements with, "Help . . . me . . . un . . . der . . . stand . . . your . . . requirements." Today, if you can't have that discussion in 35 seconds, you're not going to have it. Our customers no longer tolerate a traditional learning curve of eight months; they want a contribution in a business sense almost immediately.

Our customers want to mobilize applications quickly. The perception is: All that stuff is on the shelf in some form or another. Get me somebody who can go to the big catalogue in the sky and bring me 47 small applications, turnkey in style, and total solutions that allow me to have that application in place quickly.

Be a facilitator. The whole concept that I/S owns the controls, standards and vendor selection has gone by the wayside. Our customers are looking for us to act as an engineer or architect. They want to hear about a fluid environment that connects. Our role is to facilitate the connection between individual components.

In fact, our customers are suspicious of single-vendor solutions. They suspect our motives, our competence and our ability to help them with their business. And to the degree customers suspect, we lose the franchise to enable

technology at Marion. Users stop looking to us to mobilize their applications and start doing covert things themselves, such as buying little black boxes out of the "J.C. Whitney Catalogue of Computer Supplies." If we don't bring unbiased knowledge to the table in looking at solutions to their problems, they suspect us.

Offer technological leadership. There's a crisis in the industry right now because there are not enough skilled people. Our customers have an endless stream of questions, often ones we can't answer. They ask for PC-based tools that do this and are integrated with that, and I shrug my shoulders and say, "Conceptually, I can see where it could happen, but I don't know where those tools are, nor do I have the expertise in hand to help you do that." To offer leadership, we need a tremendous range of expertise to call upon to satisfy our customers' requirements.

Be fiscally responsible. The perception is, this stuff is free and getting cheaper. Our customers want us to find no-cost solutions to problems. They don't understand why a local area network for 15 to 20 terminals with scanners here and something else there costs half a million dollars. Customers think that's a \$35,000 solution. Somehow we have to change the image that when we move from point A to point B, we do so only in a Mercedes. Certain situations require high-quality environments, while others call for only moderate quality. We have to demonstrate a range of responses, as opposed to a single response.

Develop cultural consistency. We must combat the notion that the technocrat is in it for the technology and is not aligned with the business's goals. Our customers believe that every technocrat comes to a meeting with technological biases. They think my agenda is to promote and sell those biases. They think IBM's agenda is to promote products and marketing plans. But the only valid agenda is one that understands the customer's business, offers technological skills with a range of competencies and doesn't try to push artificial kinds of technology. My challenge is to make sure I/S people — and our IBM account team — are Marion associates first, I/S professionals second.

If you understand that my customers don't care about technology and are not overly concerned about products, but rather are deeply concerned with basic business issues, you will understand me.

In summary, I offer the following advice:

- Take time to understand *my* business before proposing a solution. Work with me to call on end-user departments so that we can understand their goals and objectives.

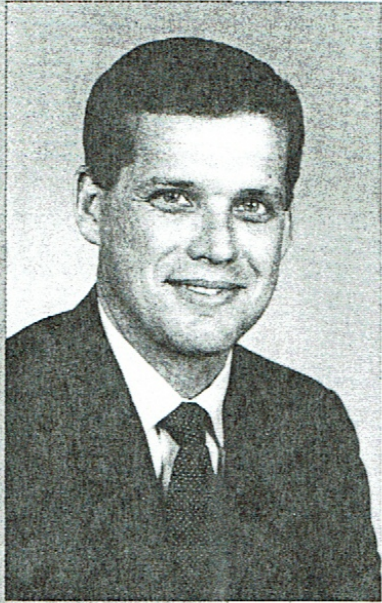
- Be a general contractor. With your business partners, no other vendor is better equipped to offer total solutions.

- Bring product expertise to the table in an objective fashion.

- Show me fiscal flexibility and alternatives. Your product line offers many alternatives; ensure that they are presented.

- Demonstrate your understanding of my business. Use programs such as ISIS to quantify the benefits of I/S investments.

Then we can have a meaningful conversation and a rewarding relationship. ●



Les Clark, Marion Laboratories, Inc.