

March 13, 2006

BELLSOUTH HAS GONE AND TAKEN MY LOYALTY WITH IT

Well, knock me over with a rotary-dial telephone! My alma mater, BellSouth, has been purchased by “The New AT&T,” aka SBC, aka Southwestern Bell, one of the seven original Regional Holding Companies, created at the divestiture of “The Old AT&T” back in 1984. Plans are to move the headquarters of the company to San Antonio, Texas, although Gov. Sonny Perdue says he is going to visit AT&T and try to talk them into moving to Atlanta. Good luck with that pipe dream.

Why would AT&T want to move to Atlanta? San Antonio has the Alamo, Riverwalk and the NBA champion Spurs. All Atlanta has is a catchy jingle, the Atlanta Hawks and a sewer system crumbling faster than warm cornbread. I must admit I was shocked to learn of the \$67 billion transaction not from the company, but on the Sunday evening news. I, along with other retired officers and directors, received an email on Monday saying the announcement was made on Sunday because of “media speculation in the electronic press.” I’m not quite sure what an “electronic press” is, unless newspapers have discovered a new way to print papers electronically. I think the company meant “television,” but I’m not going to ask because at this point it doesn’t matter. Sold is sold. Is the old Bell System monopoly being re-created? No. There is too much new technology around and too many competitive players for that to happen again. Cable companies are now in the telephone business. So are Internet companies. The telecommunications companies are getting into television. Where it is all headed, no one knows. I only know that the days of a telephone monopoly are gone forever. And, alas, so is BellSouth.

What makes all of this ironic is that I was part of the team that helped create BellSouth. My little band of warriors designed the current BellSouth logo, created a financial information program for Wall Street — we had to sell stock, you know — and positioned BellSouth as “The right company in the right place at the right time.” It worked. The company hit the ground running as the 13th-largest corporation in America.

In spite of doing everything for the first time as a publicly owned company, we did it pretty well. Our management team was bright. Our network was technologically advanced. We were in one of the fastest-growing areas of the country, and we gave good service. For seven years in a row, Fortune magazine named BellSouth the “Most Admired” company in the telecommunications industry.

Southwestern Bell wasn’t a blip on our radar in those days. Somewhere along the line, the company caught fire and grew like kudzu. It bought PacTel, Ameritech and the old AT&T. At the same time, Verizon merged Bell Atlantic with NYNEX and bought GTE and MCI and became a formidable competitor in the marketplace as well. BellSouth suddenly found itself the odd man out. Quite a comedown from those heady days in which we were the telecommunications Pied Piper and everyone was following us.

BellSouth’s CEO Duane Ackerman is getting kicked around in the media for being too cautious in an industry that requires bold leadership and a fair amount of risk taking, and for getting outmaneuvered by his counterpart at AT&T, Ed Whitacre. I suspect there is some truth to the charge. I don’t know anyone who would classify Duane Ackerman as a visionary. Don’t cry for Ackerman, however. His timidity will earn him about \$49 million.

Lost in all the hoopla are some 10,000 staffers — many in Georgia — who probably will lose their jobs as a result of the sale. These are hard-working people whose only sin was to be in the wrong company in the wrong place at the wrong time. Maybe Ackerman will share some of his largesse with them, but I wouldn’t count on it. Am I sad that my old company is riding off into the sunset? Not much, because corporations like BellSouth don’t engender the kind of loyalty they used to. Today, it is all about the bottom line, and the bottom line in this case is that BellSouth is no more. End of story.