

Verizon - 180195
Ivan Fireside Chat
April 18, 2018

>> WELCOME BACK TO UP TO SPEED, A VERIZON PODCAST. FOR TODAY'S EPISODE WE'RE LISTENING IN ON A FIRESIDE CHAT BETWEEN CURRENT VERIZON CHAIRMAN AND CEO, LOWELL MCADAM, AND IVAN SEIDENBERG, VERIZON'S FORMER CHAIRMAN AND CEO, IVAN JUST RELEASED HIS NEW BOOK, "VERIZON UNTETHERED: AN INSIDER'S STORY OF INNOVATION AND DISRUPTION," WHICH YOU CAN PREORDER NOW ON AMAZON OR BARNES & NOBLE, AND WILL BE WIDELY AVAILABLE ON MAY 1ST. JOINING LOWELL AND IVAN IN THE CONVERSATION IS SCOTT MCMURRAY OF THE HISTORY FACTORY, THE CO-AUTHOR OF VERIZON UNTETHERED.

McMurray:

>> LET'S JUMP RIGHT IN, IF WE COULD.

IVAN, GIVE US A FEEL FOR WHY, WHY YOU THOUGHT IT WAS A GOOD TIME TO DO A BOOK AND WHAT YOUR THINKING WAS BEHIND THAT?

Seidenberg:

>> WELL... THE TRUTH IS, I'VE BEEN WORKING ON THIS FOR FIVE OR SIX YEARS, SO... I'M NOT SURE THERE'S A GOOD TIME.

BUT... THE IDEA WAS -- I WAS KICKING AROUND THE IDEA, IT CAME DOWN TO TWO THINGS.

I THOUGHT THE COMPANY HAD A REALLY GOOD STORY TO TELL, I ALSO THOUGHT THAT THE PROGRESS THE COMPANY CONTINUES TO MAKE, KIND OF VALIDATES THE STORY.

AND... IN MY MIND, I ALSO WANTED TO MAKE SURE THAT WE PAID TRIBUTE TO THE THOUSANDS OF PEOPLE THAT HELPED BUILD THE COMPANY.

SO... WHEN YOU GET A CHANCE TO READ THIS, YOU'LL SEE THAT, IT'S MADE UP OF, A LOT OF PEOPLE, THAT MADE THE CONTRIBUTION TO THE BUSINESS.

AND... THE REASON IT TOOK SO LONG, I COULD NEVER HAVE WRITTEN IT.

SO, UNTIL I GOT LUCKY AND FOUND THIS GUY (McMurray)...
[LAUGHTER]

>> WHO DID A LOT OF RESEARCH AND PUT HAD I TALENTED SKILLS
AROUND MAKING THE STORY COME ALIVE AND DOING INTERVIEWS AND
MAKING SURE THE RIGHT POINTS GOT MADE, THAT'S THE WAY IT WORKED.
JUST TOOK ME ABOUT, CLOSE TO TWO YEARS.

ONCE WE DECIDED TO DO IT, SO... THE TIMING REALLY TURNED OUT TO
BE WHEN IT FINALLY WAS DONE, BUT THIS IS ALL ABOUT THE COMPANY.
IT REALLY IS.

THE COMPANY, THE PEOPLE THAT BUILT THE COMPANY.

McAdam:

>> HOW DID YOU CHOOSE THE TITLE?

I'M INTERESTED IN THAT.

Seidenberg:

>> THE TITLE... SO... WELL... ACTUALLY, THIS IS PRETTY FUNNY.

SO... I WENT BACK TO ALL THE WRITERS AND WE COLLECTED ALL THEIR
TITLES.

THIS IS TRUE, HE'LL TELL YOU THIS.

ALL I GOT WAS EIGHT AND NINE-WORD TITLES.

THE HISTORY AND TRANSFORMATION OF -- AND IT WAS THE
MOST-DIFFICULT PROCESS, SO I SAID, I WANT ONE WORD.

OKAY?

AND... COULDN'T FIND A WORD.

AND THEN WE, WE WERE SITTING AROUND ONE DAY, AND I REMEMBER, WE
SAT IN ALL THESE MEETINGS AND WE WERE TRYING TO UNTETHER
OURSELVES FROM THE PATH, WITHOUT GIVING UP WHAT WE THOUGHT WE
DID AND DID WELL, WE WANTED TO CHANGE.

AND... IT'S KIND OF A TELECOM WORD, IT'S AN INDUSTRY WORD, SO...
I TRIED IT A LITTLE BIT, WE PUT IT INTO THE TEXT.

I WAITED TO SEE IF PEOPLE WOULD REACT TO IT.

AND MOSTLY PEOPLE DIDN'T REACT TO IT, THEY KIND OF LIKED IT, WE
AGREED AND THAT'S HOW WE GOT THE TITLE.

SO, WE'RE UNTETHERED, EXCEPT I DID LOOK ON THE INTERNET, THERE WERE A LOT OF BAD WEBSITES ABOUT CUSTOMER SERVICE AND UNTETHERING FROM VERIZON.

[LAUGHTER]

>> SO I HAD TO GET PAST THAT TO MAKE SURE I WASN'T CREATING SOMETHING THAT WAS A PROBLEM, BUT LOOKING AT IT, I LIKE THE TITLE, LOWELL, I THINK IT FITS EVERYTHING THAT WE, WE'VE BEEN TALKING ABOUT FOR 15 YEARS.

McMurray:

>> LET'S TALK ABOUT ANOTHER PHRASE YOU USED GOING WAY BACK TO YOUR NINEX DAYS, THE CHESS BOARD STRATEGY AND IMPROVING YOUR POSITION ON THE CHESS BOARD.

LET'S TALK ABOUT WHAT LOWELL HAS INHERITED AND SO, WHERE THE CHALLENGES ARE TODAY AND OPPORTUNITIES?

Seidenberg:

>> ACTUALLY, LOWELL DID ALL OF THE REALLY HEAVY-DUTY LIFTING DURING MY TENURE, SO WE'LL GET TO HIM QUICKLY, BUT WE CAME UP WITH THE CHESS BOARD STRATEGY, IT WASN'T, IT'S NOT A NEW TERM.

WE WERE LOOKING FOR A WAY TO GET THE BOARD TO REALIZE THAT WE WERE THINKING DIFFERENTLY.

SO... RATHER THAN COME UP WITH FIVE-YEAR LINEAR PLANS AND FIVE-YEAR STRATEGIC PLANS AND BOOKLETS WITH THREE-YEAR BUDGETS IN IT, WE SAID, NO, WE'RE GOING TO LOOK AT THIS LIKE A CHESS GAME.

IMMEDIATELY THE BOARD KIND OF LIKED THAT.

THEY SAID "HMM, SOUNDS LIKE YOU'RE TRYING TO DO SOMETHING DIFFERENT."

WE STARTED PLOTTING THE MOVES AND IN CHESS THERE, ARE INNUMERABLE MOVES YOU COULD MAKE.

THAT BECAME A CODE WORD FOR US TO COME INTO THE BOARD ROOM AND SAY "HOW ARE WE GOING TO CHANGE OUR COMPETITIVE POSITION?" IN THE EARLY 90S, WE WERE REGIONAL, LOCAL, NO REVENUE GROWTH, OVERREGULATED, YOU NAME IT, WE HAD ALL THESE ISSUES.

SO... WE HAD TO FIGURE OUT A WAY TO START CHANGING THE PARADIGM AND... THE BOARD KIND OF LOVED IT.

THEY BOUGHT INTO IT AND THEY GAVE US ENCOURAGEMENT.

AND THE MANAGEMENT TEAM, I THINK, LIKED IT, BECAUSE... THEY REALIZED WE WERE GOING TO TAKE ACTION.

WE WEREN'T GOING TO INCREMENTALLY CHANGE THE BUSINESS, WE WERE GOING TO TAKE BIG STEPS TO CHANGE THE BUSINESS.

AND... I THINK, PROBABLY THE LUCKIEST THING THAT EVER HAPPENED TO ME WAS LOWELL AND DENNY (Strigl, retired Verizon Wireless CEO).

THEY TOOK THIS IDEA OF DOING SOMETHING DIFFERENT, HE LIKES TO USE THE WORD DISRUPTION.

WIRELESS COULDN'T BE ANYMORE DISRUPTIVE TO THE WIRELINE BUSINESS AT THE TIME THAN ANYTHING, NOT ONLY THAT, BUT YOU MADE IT WORK.

SO... RENEWAL, DISRUPTION, IS A CONSTANT THEME, AND THE CHESS BOARD IS JUST ONE MANIFESTATION OF THAT.

McAdam:

>> WAS THERE A MOVE, IVAN, I MEAN, YOU KNOW... PROBABLY MOST PEOPLE WOULD SAY "OKAY, THE VODAFONE DEAL AND PUTTING WIRELESS TOGETHER."

BUT WAS THERE A MOVE THAT ISN'T OBVIOUS TO EVERYBODY THAT YOU THOUGHT WAS A REAL BIG LEVER?

Seidenberg:

>> PROBABLY THE BIGGEST, THAT'S AN INTERESTING QUESTION, THE -- THE GAME-CHANGER WAS THE GTE DEAL.

AND IT WAS BECAUSE WE HAD DONE BELL ATLANTIC, RIGHT?

AND WE NEEDED SOMETHING TO SUPERCHARGE WIRELESS.

SO... AT THE TIME, I THOUGHT THAT WE COULD DO SOMETHING GLOBALLY.

WHICH, WAS VERY HARD.

WE DIDN'T HAVE THIS, THE STANDING TO DO THAT.

BUT... THE, THE DEAL WITH GTE WAS EXTRAORDINARILY POWERFUL, BECAUSE IT MADE US BIGGER, YES, BUT IT GAVE US AN ENORMOUSLY POTENT WIRELESS FOOTPRINT, WHICH WAS THE ATTRACTION FOR VODAFONE TO WANT TO THROW THEIR ASSET INTO THE MIX.

SO... WE ENDED UP WITH THE PIECES OF VERIZON WIRELESS AT THAT TIME, IN THE YEAR 2000 AND... AGAIN, YOU KNOW... YOU AND DENNY AND OTHERS, MADE IT SING.

SO... THAT WAS REALLY THE, I THINK THE CATALYST TO, TO CHANGE THE, THE ARC OF THE COMPANY.

McMurray:

>> LOWELL, LET'S TALK A BIT, SORT OF PLAYING IT FORWARD, IF YOU WILL, TALK ABOUT WHERE WE ARE NOW IN THE REAL, SORT OF THE, THE CHALLENGES, YOU KNOW, WHERE YOU ARE ON THE CHESS BOARD AND THE UNCERTAINTY AND OPPORTUNITY OUT THERE.

McAdam:

>> WELL... I THINK ANYBODY THAT'S IN THE BUSINESS NOW SEES THAT ALMOST EVERYBODY THAT WE PARTNER WITH, WE ALMOST, WE ALSO COMPETE WITH.

SO... THERE'S NO CLEAR WIN-LOSE.

THERE'S AN AWFUL LOT OF VARIABLES THAT YOU HAVE TO TRADE OFF, SO... THE CHESS MOVES ARE CRITICAL.

I THINK FOR US, JUST LIKE WHAT IVAN DID AND SORT OF HISTORY REPEATS ITSELF, WHAT IVAN DID, BY HAVING THE WIRELINE AS THE CORE AND THEN BEING ABLE TO PIVOT AND HAVE WIRELESS, WE THINK THAT OATH PROPERTIES ALLOW US TO AUGMENT BOTH OF THOSE SETS OF ASSETS.

VERY DIFFERENT CULTURE, VERY DIFFERENT PARADIGM, VERY DIFFERENT FINANCIAL MODEL, BUT WE'RE NOW DISCOVERING JUST AS WE DISCOVERED IN THE PAST, THE SYNERGIES OF BRINGING WHAT LOOKS LIKE A DIFFERENT BUSINESS IN, WILL ALLOW YOU TO GO OUT AND DISRUPT YOUR COMPETITORS IN THOSE CORE BUSINESSES.

SO... THE, I THINK THE THING WE DISCOVERED EARLY ON IN WIRELESS, WAS YOU NEEDED TO REINVENT YOURSELF.

AS WE WENT FROM A, A COUPLE OF REGIONAL COMPANIES TO A NATIONAL COMPANY, WE HAD TO CHANGE THE WAY WE THOUGHT ABOUT OURSELVES AND WE COMPETED DIFFERENTLY WITH OTHERS.

AND I THINK WE'RE GOING THROUGH THAT SORT OF TRANSFORMATION AGAIN, NOW, AND... WE'VE GOT TO FIGURE OUT HOW TO DISRUPT WHAT MADE US SUCCESSFUL IN THE PAST TO MAKE US SUCCESSFUL IN THE FUTURE.

SO... I DO, I OFTEN USE THE ANALOGIES WITH THE TEAMS TODAY, THIS ISN'T A LOT DIFFERENT THAN 2000.

A LITTLE DIFFERENT COMPETITORS, YOU KNOW... LITTLE DIFFERENT LANDSCAPE, BUT WE'RE DOING SOME OF THE SAME, REPEATING SOME OF THE STORIES YOU SAW IN THE BOOK.

McMurray:

>> LET'S TALK ABOUT WHERE 5G FITS INTO THAT.

McAdam:

>> WELL... THOSE THAT HAVE BEEN AROUND THE BUSINESS FOR AWHILE, I DON'T SAY THIS LIGHTLY, BUT... I'VE HAD A LONG CAREER AND... I THINK THIS WILL BE THE BIGGEST DISRUPTION OF THE ENTIRE TIME I'VE BEEN IN THE BUSINESS.

AND... YOU KNOW, I STARTED WHEN THERE WERE, YOU KNOW, WAS ALL COPPER AND THERE WEREN'T ANY CELL PHONES, SO THAT'S SAYING A LOT.

I THINK THIS WILL DISRUPT THE WAY OUR BUSINESS OPERATES, IT'S GOING TO GIVE US A TREMENDOUS COMPETITIVE ADVANTAGE IN THE MARKETPLACE, TO DISRUPT OTHERS AND MOST IMPORTANTLY, IT'S GOING TO ALLOW CONSUMERS TO LIVE THEIR LIVES COMPLETELY DIFFERENTLY THAN THEY DO TODAY.

AND BY CONSUMER, I MEAN, NOT ONLY THE, THE RESIDENTIAL SUBSCRIBER, BUT THE BUSINESS SUBSCRIBER WILL BE TRANSFORMED AS A RESULT OF THIS.

SO... IT'S PRETTY EXCITING STUFF.

McMurray:

>> WHAT'S YOUR TAKE ON 5G FROM YOUR PERSPECTIVE?

Seidenberg:

>> I AGREE WITH LOWELL, BUT I THINK, HERE'S THE THING, WHAT JOHN STRATTON (Verizon president of Global Operations), LOWELL (McAdam), LARRY BABBIO (retired Verizon president), WE ALL HAVE THIS BELIEF THAT THE UNDERLYING POWER OF THE TECHNOLOGY WAS REALLY, NEVER LIVED UP TO ITS FULL POTENTIAL.

I'LL GIVE YOU MY OWN HISTORY.

I WORKED IN THE 70S AND 80S FOR AT&T AND WHAT HAPPENED?

WELL... AT&T NEVER SAW THE TRANSITION FROM VOICE TO DATA.

THEY HATED DATA.

THEY USED TO ARGUE WITH THE GOVERNMENT ABOUT KEEPING PEOPLE OUT OF THE DATA BUSINESS.

I'M NOT PICKING ON THEM, I'M JUST MAKING A COMMENT, I WORKED THERE.

THE OLD BELL SYSTEM NEVER SAW THE CABLE INDUSTRY COMING.

WE GAVE THAT TO SOMEBODY ELSE.

AND I COULD GO ON AND ON, THAT WE NEVER REALLY FOLLOWED THE POTENTIAL OF THE TECHNOLOGY.

SO... WHEN WE WERE ABLE TO BE SEPARATE, THROUGH THE REGIONAL BELL COMPANIES, WE FINALLY FORMED BELL ATLANTIC, WE HAD A COMMON BOND THAT WE WANTED TO EXPLOIT, WHEREVER THE TECHNOLOGY WOULD TAKE US.

AND SO... WIRELESS CAME FIRST, BUT WE NEVER GAVE UP ON THE IDEA THAT FIBER, EVEN IN THOSE DAYS, WAS REALLY A COOL THING.

SO... I LOVE 5G BECAUSE 5G IS A BROADER ECOSYSTEM THAN JUST BEING A TRANSPORT BUSINESS.

SO... I THINK YOU HAVE A CHANCE TO ACHIEVE A POTENTIAL FOR THE TECHNOLOGY BASE THAT'S UNPRECEDENTED.

AND SO... I JUST LIKE TO MAKE A POINT ABOUT LOWELL'S, ABOUT DISRUPTION.

THIS IS YOUR MESSAGE, BUT I WANT TO ADD ONTO IT.

THE CEO, ONCE IN AWHILE, COULD COME IN AND DO A DEAL.

LIKE OATH.

RIGHT?

AND THAT'LL CHANGE THINGS.

BUT... OATH, ITSELF, WON'T TRANSFORM THE REST OF THE BUSINESS.

ALL OF YOU HAVE TO TRANSFORM IT FROM INSIDE OUT.

SO... IT'S COMING AT IT FROM TWO DIRECTIONS.

I WAS VERY FORTUNATE BECAUSE... AT TIMES, LOWELL AND OTHERS MAY HAVE THOUGHT I WAS A LITTLE UNPREDICTABLE, WHAT IS HE GOING TO DO NEXT?

BUT THE IMPORTANT THING WAS, NO MATTER WHAT I DID, PEOPLE HAD TO ACTUALLY OPERATE THOSE PROPERTIES AND TRANSFORM THEM FROM THE INSIDE OUT.

AND... THAT'S WHAT YOU HAVE DONE BETTER THAN ANY COMPANY IN THIS INDUSTRY.

NO QUESTION IN MY MIND.

AND THAT'LL COME OUT WHEN YOU READ THE BOOK AND THERE'LL BE A POP QUIZ.

BUT YOU'LL SEE, IT ISN'T JUST THE DEALS, IT IS THE BELIEF THAT YOU ALL HAD TO CHANGE THE BUSINESS FROM THE INSIDE OUT.

AND I THINK THAT'S REALLY IMPORTANT, SO... DISRUPTION, YOU DISRUPT YOURSELF, AND THEN YOU BRING IN SOME OUTSIDE ACTIVITIES THAT WILL HELP BROADEN THE WING SPAN OF THE BUSINESS SO YOU CAN COMPETE BETTER AND GROW FASTER.

McMurray:

>> THAT'S, THAT'S A GOOD SEGUE TO, GIVE ME A CHANCE TO MENTION RAM CHARAN, A CONTRIBUTOR TO THIS BOOK AND SUCCESS TO VERIZON.

I'D LIKE TO READ A BLURB ON THE BACK OF THE BOOK.

THIS IS RAM CHARAN SPEAKING.

IN MY 50 YEARS OF EXPERIENCE, IT'S A RARE LEADERSHIP TEAM THAT WILL SUBORDINATE ITSELF FOR THE BENEFIT OF THE INDUSTRY, CUSTOMERS AND THE COMPANY.

THE VERIZON LEADERSHIP TEAM STANDS APART FROM MOST LEADERSHIP TEAMS TODAY IN ITS WILLINGNESS TO REPEATEDLY PUT THE ENTERPRISE BEFORE THE INDIVIDUAL.

AT FIRST BLUSH, THIS MIGHT LOOK LIKE A HELPLESSLY OLD FASHIONED NOTION IN THE AGE OF THE SELFIE, YET, I'D ARGUE THIS IS A TRAIT THAT FUTURE LEADERS AND BOARD OF DIRECTORS ACROSS THE INDUSTRIES WOULD DO WELL TO UNDERSTAND AND EMBRACE.

SO... I THINK THAT, ALL OF US, WHEN WE SAW THAT IN RAM'S COMMENTS, THOUGHT THAT CUT TO THE CORE OF WHAT YOU SET IN MOTION AND... LOWELL IS CONTINUING WITH, WITH THE TEAM.

AND I WONDER IF I COULD ASK BOTH OF YOU TO REFLECT MORE ON THE SIGNIFICANCE OF TEAM AND REALLY DRIVING, DRIVING CHANGE FROM THE LOWER LEVELS?

Seidenberg:

>> WELL, THIS IS EASY FOR ME, I'LL BE QUICK.

THERE WAS NO QUESTION IN MY MIND, AS I WATCHED LOWELL DO HIS JOB AND PROGRESS THROUGH THE BUSINESS, THAT HE ALWAYS, ALWAYS DID THE RIGHT THING FOR THE COMPANY, ALWAYS UNDERSTOOD HE WAS PART OF SOMETHING BIGGER THAN HIMSELF, AND MANAGED TO INSTILL IN THE PEOPLE AROUND HIM, THE SPIRIT OF TOGETHER WE CAN DO A LOT MORE THAN ANY ONE PERSON CAN DO.

NOT EVEN CLOSE.

SO... HERE I AM, SEVEN YEARS AFTER RETIRED AND I COULD SEE THAT HE CONTINUES TO LIVE THAT AND THE COMPANY, HE'S ON THE PRECIPICE OF SOME AMAZING THINGS.

SO... IT'S NOT ABOUT YOURSELF, IT IS ABOUT THE TEAM, IT'S ABOUT UNDERSTANDING THAT THE POWER OF THE GROUP IS FAR GREATER THAN THE POWER OF ANY ONE PERSON.

McAdam:

>> AND I, I'D SAY, IVAN, AT THE RISK OF HAVING MUTUAL ADMIRATION SOCIETY HERE, BUT IVAN ALWAYS DRILLED INTO US THAT WE WERE THE LEADER, ESPECIALLY AFTER WE BROUGHT THE COMPANY, ALL THE COMPANIES TOGETHER, WE WERE THE LEADER IN THE TELECOM SPACE.

WE WERE CERTAINLY BIGGER THAN AT&T ON THE WIRELESS SIDE AND HE ALWAYS TALKED ABOUT THE INDUSTRY, YOU KNOW... MAKING SURE THAT

YOU WERE, YOU WERE PUMPING UP THE VALUE OF THE INDUSTRY, NOT JUST SHOOTING HOLES IN YOUR COMPETITOR.

AND... YOU TAKE THAT INSIDE THE BUSINESS, AND DENNY, YOU KNOW... BEAT THIS INTO US AS WELL.

IS THAT, YOU COULDN'T BE SUCCESSFUL -- I COULDN'T BE SUCCESSFUL AS THE HEAD OF OPERATIONS IN THE BEGINNING IF I DIDN'T HAVE A DICK LYNCH ON THE NETWORK SIDE AND WE KNEW WHAT EACH OTHER HAD TO DELIVER AND WE HAD ROGER GONANI ON THE IT SIDE AND JOHN RAN THE ORGANIZATION IN THE BEGINNING AND THE GUYS RUNNING THE FIELD OPERATION.

IF WE DIDN'T WORK IT ALL OUT AND THEN GO KILL THE COMPETITION.

AND THE CREDO, WHICH I THINK HAS BEEN VERY IMPORTANT TO US, ALWAYS TALKS ABOUT COLLABORATING INSIDE THE BUSINESS AND COMPETING OUTSIDE.

SO... FROM, FROM THE TOP ALL THE WAY THROUGH THE ORGANIZATION, PEOPLE UNDERSTOOD WE WON AS A TEAM OR WE LOST AS A TEAM AND... PEOPLE WERE REWARDED OR PENALIZED ACCORDINGLY AND I THINK THAT IS STILL A STRONG TRAIT INSIDE THE BUSINESS.

McMurray:

>> OKAY... IT'S HARD TO THINK OF A COMPANY IN THIS COUNTRY, PROBABLY ANYWHERE IN THE WORLD, THAT DOESN'T -- AT LEAST, GIVE LIP SERVICE TO TEAM WORK.

WE COULD ASK YOU BOTH TO SORT OF REFLECT ON HOW YOU REALLY SAW THAT COME TO FRUITION IN THE COMPANY AND... YOU MENTIONED THE CREDO.

LET'S SORT OF PUT THAT INTO CONTEXT OF CORPORATE VALUES AND TRADITIONAL SERVICE AT VERIZON.

Seidenberg:

>> YOU CAN GO FIRST.

McAdam:

>> I'LL DEFER, I'LL DEFER.

Seidenberg:

>> I WANT TO REPEAT WHAT YOU SAY.

[LAUGHTER]

>> LOOK... I THINK THE TEAM WORK THING WORKED FOR US BECAUSE... WE HAVE SUCH A BIG CONSUMER FRANCHISE.

WE SERVE TENS OF BILLIONS OF CUSTOMERS.

>> RIGHT.

>> SO... IT WAS EASY FOR US TO KEEP SCORE WHETHER WE WERE WINNING OR LOSING.

AS LONG AS WE DOUBLE DOWN ON TRYING TO DO THE RIGHT THING WITH OUR CUSTOMERS, THAT WAS A GREAT WAY TO BUILD TEAM WORK.

SO... YOU KNOW, WHEN YOU WERE A MONOPOLY, IT WAS EASY FOR THE CUSTOMER OPERATIONS PEOPLE TO CLAIM THAT THE FINANCE PEOPLE WEREN'T GIVING THEM ENOUGH MONEY.

THERE WAS NO PENALTY ON THAT.

BUT... WHEN YOU'RE COMPETING IN THE MARKETPLACE, I THINK THIS WHOLE ISSUE OF SERVING CUSTOMERS HELPED GALVANIZE THE BUSINESS.

IT TOOK US MANY YEARS TO SORT OF LEARN HOW TO DO IT, I DON'T THINK WE FIGURED IT OUT OVERNIGHT, BUT IT WAS A GREAT GALVANIZING ISSUE FOR US.

I THINK SHAREHOLDERS ARE ANOTHER GALVANIZING ISSUE.

BECAUSE... WHILE YOU'RE DOING YOUR WORK WITH CUSTOMERS, IF YOU'RE NOT PRODUCING REASONABLY GOOD RESULTS CONSISTENTLY, THEY'LL TELL YOU THAT.

I THINK THE WAY TO BUILD TEAM WORK IS TO MAKE SURE WE'RE ALL SERVING A HIGHER PURPOSE.

AND... A LOT OF COMPANIES DON'T DO THAT.

EVEN THOUGH YOU MENTIONED, PEOPLE THAT TALK THE GAME.

THEY DON'T DO IT, THEY GO OUT OF BUSINESS.

BUT ONCE THEY DO IT -- I'LL GIVE YOU A COUPLE OF MY FAVORITES.

NOT EXCITING, BUT... YOU KNOW FRED SMITH FROM FEDEX, IT'S LIKE KIND OF A BORING BUSINESS, RIGHT?

JUST MOVING PACKAGES AND EVERY YEAR, EVERY THREE YEARS, THEY COME UP WITH A NEW INNOVATION.

SO... NOW IT'S FEDEX PURPLE.

IT USED TO BE FEDEX GOLD AND GREEN.

NEXT YEAR THEY'LL COME UP WITH FEDEX SILVER.

WHEN YOU TALK TO HIM, HE GETS EXCITED ABOUT THIS.

HE REALLY DOES, BUT HERE THEY ARE, THEY'RE STILL HERE, THEY'RE STILL SERVING AND STILL GROWING.

THEY MAY HAVE A BAD YEAR OR GOOD YEAR, BUT THEIR OVERALL ARC IS PRETTY GOOD.

I LIKE COMPANIES LIKE THAT.

JOHN DEERE IS ANOTHER ONE.

MAKE FARM EQUIPMENT, RIGHT?

THEY MAY NOT BE THE MOST-EXCITING COMPANY IN THE WORLD, BUT THERE THEY ARE, THEY DO IT.

SO... I, I WOULD LIKE, I'D LIKE TO THINK THAT THE PUBLIC SEES US THAT WAY.

VERY DEPENDABLE, VERY SERVICE-ORIENTED, AND THAT WILL BUILD TEAM WORK.

McAdam:

>> I GUESS, SCOTT, I'D COMMENT ON THE CREDO, THOSE THAT HAVE BEEN AROUND ME KNOW THAT I, I THINK THAT'S BEEN INCREDIBLY IMPORTANT TO OUR SUCCESS.

BECAUSE... CULTURE EXISTS IN EVERY COMPANY, AND... IF YOU JUST LET IT DEVELOP, YOU GET WHAT YOU GET.

AND WE DECLARED EARLY ON, AND... YOU KNOW, JIM GERACE (Verizon CCO) IS THE ARCHITECT IN THE ROOM FOR THAT TODAY.

HE HATES WHEN I GIVE HIM CREDIT FOR THAT.

WE TALKED ABOUT WHAT WE WANTED AND HE DOCUMENTED WHAT WE WERE ACTUALLY DOING AND THEN WE TOOK THE TIME TO HIGHLIGHT PEOPLE THAT WERE DOING IT RIGHT AND WE TALKED ABOUT IT AND... WE, I USE

THE TERM ALL THE TIME, IT'S LIKE A MUSCLE YOU HAVE TO EXERCISE IT.

SO... WHEN PEOPLE LIVED OUTSIDE OF THE CREDO, AND TEAM WORK WAS A HUGE PART OF THAT, YOU GOT CALLED ON IT.

AND... WE, TO USE ONE OF IVAN'S TERMS, WE WEEDED PEOPLE OUT.

I USE THE TERM, WE CHOKED THEIR THROAT UNTIL THEY LEFT --

>> ONE WAY OR THE OTHER --

[LAUGHTER]

>> -- YOU HAVE TO DO THAT KIND OF THING.

IF YOU DON'T PAY ATTENTION TO THE OVERALL CULTURE, YOU GET CHAOS AND I THINK THAT'S BEEN IMPORTANT FOR US.

AND BY THE WAY, WE'VE HAD NEW FOLKS COME INTO THE ORGANIZATION AND THEY EITHER EMBRACE IT OR THEY DON'T AND THEY'RE OUT OR... WE'VE HAD THE DEBATE THAT SAYS WELL, WE OUGHTA MODIFY IT AND WE RESISTED THAT.

I THINK IT EVOLVES, BUT... GOING IN AND HAVING AN EVENT WHERE YOU JUST SORT OF DECIDE TO CHANGE IT, THAT'S THE CULTURE OF THE BUSINESS.

THAT IS, AS MUCH A CORNERSTONE IN MY VIEW AS 5G OR FIBER OR SOMETHING LIKE THAT.

SO... WHEN I, WHEN PEOPLE ASK ME, DESCRIBE THE CEO'S JOB IN ONE WORD... I SAY IT'S CULTURE.

AND IT'S CULTURE AROUND REVENUE AND TECHNOLOGY INVESTMENT AND HOW YOU DEAL WITH SHAREHOLDERS AND ALL OF THAT.

I DON'T THINK IT COULD BE OVERSTATED, THE IMPORTANCE OF THAT DOCUMENT.

McMurray:

>> IT STRIKES ME, AGAIN, WE'RE NOT HERE TO CAST STONES AT OTHERS IN THE SOCIAL MEDIA SPHERE, BUT... FOLLOWING TESTIMONY IN WASHINGTON, THERE, YOU KNOW... ISSUES HAVE COME UP IN THE INDUSTRY THAT HAVE SOMEWHAT POKED HOLES IN OTHER CORPORATE CULTURES AND... I HAD A KIND OF A SENSE THAT THE QUESTION THAT THE REPRESENTATIVES ON CAPITOL HILL WERE ASKING REPEATEDLY, ESSENTIALLY WAS, YOU KNOW... WHAT DO YOU STAND FOR?

AND THE ANSWER WAS... YOU KNOW, MY STAFF WILL GET BACK TO YOU ON THAT, SENATOR.

AND I THOUGHT A COUPLE TIMES, NEITHER ONE OF YOU WOULD HAVE BEEN STUCK IN THAT POSITION IF YOU'D BEEN TESTIFYING.

THAT'S NOT TO CRITICIZE ANYONE ELSE, BUT ASK YOU TO REFLECT ON THAT.

McAdam:

>> I'LL GO FIRST ON THIS ONE.

[LAUGHTER]

>> YOU, YOU SCREW UP UNINTENTIONALLY... IT'S EASY TO SCREW UP, UNINTENTIONALLY AROUND THESE SORTS OF THINGS.

SHAME ON YOU IF YOU DON'T DECLARE WHAT YOU WANT TO HAVE.

AND... I, I'VE SEEN OTHER COMPANIES, YOU KNOW... ONE OF THE RIDE SHARING COMPANIES THAT'S BEEN WELL-KNOWN FOR CULTURAL ISSUES.

IT WAS VERY OBVIOUS TO US WHEN WE STARTED WORKING WITH THEM, SEVEN, EIGHT, NINE YEARS AGO THAT THEY DIDN'T HAVE THE CULTURE THAT WE WANTED AND WE BACKED AWAY FROM WORKING WITH THEM

SO... AGAIN, YOU'VE GOTTA DECLARE, BECAUSE... YOU'RE GOING TO HAVE PEOPLE TO GO OFF THE RESERVATION AND DO THINGS THAT YOU'RE EMBARRASSED ABOUT, BUT... YOU KNOW, THE LEADERSHIP SHOULDN'T BE EMBARRASS FADE YOU HAVEN'T AT LEAST SAID, BY GOD, THIS IS WHAT WE STAND FOR.

Seidenberg:

>> YOU MIND ANOTHER COMMENT ON THIS?

SO... I'LL USE THE TERM, FACEBOOK.

YOU KNOW... SO... LOOK.

THEY'RE GOING TO BE HERE FOR A LONG TIME.

NO QUESTION, SO... THEY'LL GET THROUGH THIS.

THEY'VE CHOSEN A STRATEGY OF APOLOGIZING AND ALL THAT KIND OF STUFF AND THEY'LL KIND OF WORK THEMSELVES THROUGH IT.

BUT... WHAT'S INTERESTING IS IF YOU LISTEN TO WHAT ZUCKERBERG TRIED TO SAY IS, HE SAID "WE DIDN'T PAY ENOUGH ATTENTION TO THE BREADTH AND THE BROAD IMPACT OF WHAT WE DO."

SO... THAT'S A GREAT EXCUSE THAT SELLS IN WASHINGTON.

AND WE'LL FIND OUT IF THAT SELLS WITH THE PUBLIC, BUT... WHEN YOU THINK OF OUR COMPANY, OUR WIRELESS GREW EXPONENTIALLY FOR A LONG TIME.

AND THEN IT BECAME SO IMPORTANT, THE GOVERNMENT WANTED TO REREGULATE IT.

THAT IS WHAT'S HAPPENING TO FACEBOOK.

THEIR CUSTOMER BASE AND THEIR REACH IS SO BREATH-TAKING, NOW EVERYTHING THEY DO IS MORE IMPORTANT THAN IT USED TO BE WHEN THEY WERE MUCH SMALLER.

SO... THIS PRIVACY QUESTION IS A BIG ISSUE.

AND SO... I GIVE THEM CREDIT FOR RECOGNIZING THAT THE ISSUE IS NOW BIGGER THAN THEY REALIZED, BUT WHERE THEY HAVE NOT MET THE TEST IS THEY HAVEN'T ARTICULATED ANY GROUNDING IN WHAT THEY THINK PRIVACY IS ALL ABOUT.

AND... THAT IS WHERE THEY WILL HAVE TO PAY THE PRICE.

AND... IT ISN'T THE PEOPLE IN THE SENATE OR THE HOUSE, BECAUSE... THEY'RE CLUELESS, THEY'RE JUST DOING THIS FOR THE TV AND THEY GOT A COUPLE OF THOSE THINGS, BUT... THE REGULATORY PROCESS WILL REALLY GRIND THEM OUT OVER THE NEXT 12 TO 13 MONTHS.

I USED TO HAVE THIS -- I DON'T KNOW IF THERE ARE LAWYERS IN THE ROOM, BUT I USED TO HAVE THIS VIEW --

[LAUGHTER]

>> -- WHEN YOU DID SOMETHING WRONG, UNINTENTIONALLY, BUT WHEN YOU DID SOMETHING WRONG, THE REGULATORY PROCESS WOULD TAKE SEVEN TO EIGHT YEARS AND GRIND YOU TO THE GROUND.

AND THAT'S WHAT'S GOING TO HAPPEN TO THEM.

THEY WILL BE JUST TORTURED TO DEATH FOR THE NEXT SIX OR SEVEN YEARS ON ALL THESE ISSUES.

THEY'RE NOT GOING TO GET AWAY WITH THESE GLIB ANSWERS.

THEY'LL SURVIVE, BUT THINGS HAVE TO CHANGE.

LET ME USE A POSITIVE EXAMPLE FOR US.

SO... LOWELL, STRATTON, DENNY, THEY WERE THE FIRST PEOPLE IN THE INDUSTRY TO SAY "WE'RE GOING TO STEP UP AND SAY SOMETHING AGAINST TEXTING AND DRIVING."

THIS WAS IN THE 90S.

THEY RECOGNIZED IF YOU DIDN'T SAY SOMETHING, YOU WOULD BE CRITICIZED FOR NOT HAVING THE GREATER GOOD IN MIND.

AND I REMEMBER THIS AS CEO THEN, AT THE TIME, OF THE CELLULAR CTIA GROUP, THEY WERE AGHAST THAT ONE OF THE MEMBERS OF THE INDUSTRY WOULD ACTUALLY SAY YOU SHOULDN'T DO ANYTHING, YOU SHOULD SAY NOTHING ABOUT TEXTING AND DRIVING.

NOW... TODAY, IT SEEMS LIKE COMMON SENSE, BUT BACK THEN IT WAS A BIG DEAL.

SO... WE WERE GROUNDED.

McAdam:

>> LOCAL NUMBER PORTABILITY.

Seidenberg:

>> THAT'S ANOTHER ONE. DENNY WAS OUT THERE BY HIMSELF ON THAT ISSUE.

IT WAS GREAT, TO ME, IF YOU HAVE A BASIS AND SET OF PRINCIPLES, YOU'RE GOING TO HAVE TO COMPROMISE, WHEN YOUR COMPANY BECOMES SO IMPORTANT THAT YOU CAN'T HIDE BEHIND THE FACT WE'RE A START-UP OR A TECHNOLOGY COMPANY FROM SILICON VALLEY.

FACEBOOK IS NO LONGER A START-UP OR A TECH COMPANY FROM SILICON VALLEY.

THEY'RE AN AMERICAN INSTITUTION AND THEY'RE GOING TO HAVE TO BEHAVE LIKE THAT.

AND... I'M SURE THEY'RE GOING TO GO THROUGH A LOT OF -- I DON'T KNOW IF IT'S REGULATION, BUT THEY'LL GO THROUGH A LOT OF ACTIVITY WITH ALL THESE DIFFERENT REGULATORS TRYING TO FIGURE OUT WHAT THE RIGHT BALANCE IS FOR THEIR PRODUCTS AND SERVICES.

YOU'RE WAY AHEAD OF THAT.

YOU'D NEVER, EVER SAY THE THINGS THEY SAY.

YOU'D NEVER HAVE DONE THE THINGS THEY DO.
NOT EVEN CLOSE.

McAdam:

>> SO... I WANT TO GIVE IVAN CREDIT FOR TWO OTHER THINGS AND THAT'S AROUND DIVERSITY AND GIVING BACK TO THE COMMUNITY.

BEFORE ALL OF THIS WAS POPULAR, IVAN WAS PUSHING HARD ON US TO HAVE DIVERSITY OF THOUGHT IN THE ORGANIZATION.

SO THAT YOU WERE ABLE TO, TO, YOU KNOW... USE THE GYROSCOPE TO SORT OF ORIENT YOURSELF, PROPERLY.

VERSUS THE CUSTOMER BASE.

AND WE'VE CARRIED THAT ON.

I THINK THAT DIVERSITY OF THOUGHT HAS BEEN IMPORTANT FOR US.

IVAN ALSO, THROUGH THE FOUNDATION, THE INNOVATIVE SCHOOL PROGRAM WE HAVE TODAY, THAT WE'RE RUNNING ADVERTISEMENTS AROUND.

THAT WAS ALL STARTED DURING IVAN'S TENURE.

HE KEPT PUSHING US THAT WE'RE SO VITAL TO THE COMMUNITY, TO THE CUSTOMERS, AS HE TALKED ABOUT A FEW MINUTES AGO, YOU NEED TO GIVE BACK AND MAKE THE COMMUNITY BETTER.

THAT'S PART OF THE REASON WHY, WHEN THERE'S A HURRICANE, WE ARE RIGHT ON IT, BETTER THAN ANY OF OUR COMPETITORS.

I THINK THAT'S WHY WE GET A LOT OF CREDIT FOR BEING OUT IN THE COMMUNITY AND GIVING BACK.

McMurray

>> AS AN OUTSIDER, IT'S ESPECIALLY POIGNANT TO SEE THE SCHOOL COMMERCIAL CAMPAIGN OUT THERE AGAINST THE NEWS FEED OF WASHINGTON TESTIMONY AND EVERYTHING ELSE GOING ON.

ONE GE FOR BOTH OF YOU, WOULD BE, DO YOU THINK YOU'RE GETTING ADEQUATE CREDIT FROM THE MARKET OR WASHINGTON --

McAdam:

>> NEVER ASK A CEO OR EX-CEO.

TWO THINGS "IS YOUR STOCK WHERE IT OUGHTA WITH?"

[LAUGHTER]

>> "ARE YOU GETTING CREDIT FOR ALL THE STUFF YOU DO?"

[LAUGHTER]

Seidenberg:

>> LOOK... I THINK ON THAT QUESTION, LOOK... THE WAY I ALWAYS LOOKED AT THIS, IS YOU HAD A BALANCE, SERVING YOUR CUSTOMERS, SERVING THE PUBLICS, SERVING EMPLOYEES AND SHAREHOLDERS.

I WAS NEVER ONE THAT SAID YOU START WITH SHAREHOLDERS AND DO ONLY THAT.

BUT... I WOULD SAY THIS.

IF YOU DON'T GET IT RIGHT, THE FIRST ONE THAT GOES IS CEO.

BECAUSE... IN THIS ENVIRONMENT, THE BOARD WILL SAY "WE HAVE TO MAKE A CHANGE."

NOW THAT I'VE BEEN OUT OF THE COMPANY FOR SEVEN YEARS, I SEE THIS ALL THE TIME.

PEOPLE DON'T GET A FREE PASS FOR FIVE, SIX, SEVEN YEARS.

YOU GET A LOT OF CREDITS, BUT YOU HAVE TO DO A REASONABLY GOOD JOB.

THERE'S TWO WAYS TO MEASURE IT, ONE IS THE ABSOLUTE STOCK PRICE AND THE OTHER IS MAKE SURE YOU'RE FASTER THAN THE OTHER BEARS IN THE WOODS.

RIGHT NOW, IF YOU LOOK AT YOUR STOCK PRICE, YOU STILL HAVE A PRETTY GOOD PREMIUM.

YOU STILL HAVE TO PERFORM AND YOU STILL HAVE TO GENERATE RESULTS, BUT THAT SHOULD GIVE THE BOARD COMFORT THAT THE DIRECTION IS OKAY, BUT... YOU CAN'T MANAGE THE STOCK PRICE.

DON'T EVEN THINK ABOUT IT.

DO THE RIGHT THING, RUN THE BUSINESS... AND THAT'LL TAKE CARE OF ITSELF.

IF NOT, THERE'LL BE SOMEBODY HERE TO MAKE SURE IT WORKS.

[LAUGHTER]

McMurray:

>> WE'VE BEEN TALKING ABOUT CULTURE ON AND OFF, I'M AN IMPORTANT PART OF YOUR GENERATION'S CAREER HERE AND YOUR STORY PERSONALLY IS 9/11.

SO... LET'S TALK ABOUT THAT.

Seidenberg:

>> WELL... MOST OF YOU HAVEN'T HAD A CHANCE, BUT YOU'LL READ THAT CHAPTER IN THE BOOK, IT'S A GOOD CHAPTER.

I DON'T THINK ANYBODY'S -- SCOTT REALLY CAPTURED THE SPIRIT OF THAT CHAPTER, BUT 9/11 WAS JUST A BIG DATA POINT IN A HISTORY OF -- WE HAVE SERVED EVERY FLOOD, EVERY HURRICANE, YOU KNOW... THE WORLD TRADE CENTER WAS BOMBED TWO TIMES BEFORE, I WAS THERE BOTH OF THOSE TIMES.

IT SEEMS TO ME, THE SERVICE ETHIC AND SPIRIT OF GETTING THINGS BACK UP AND RUNNING IS TERRIFIC.

AND... YOU'LL SEE THIS IN THE CHAPTER, BUT... ONE OF THE THINGS I THOUGHT WAS JUST AWESOME WAS WHEN 9/11 HAPPENED, THIS IS TRUE, I, I DON'T NEED TO QUOTE THE BOOK, BUT... LITERALLY, THERE COULD HAVE BEEN 200,000 PICK-UP TRUCKS FROM ALL OVER AMERICA OF EVERY EMPLOYEE THAT WANTED TO DRIVE HERE TO HELP US FIX THE PROBLEM.

EVERY SINGLE PERSON IN THIS COMPANY WAS SENDING E-MAILS OR ASKING "I WANT TO HELP, I WANT TO GO TO NEW YORK AND FIX IT."

WE HAD TO SLOW DOWN ALL THE PICK-UP TRUCKS BECAUSE THEY COULDN'T GET THROUGH THE, ALL THE GATES AND THE GUARDS, BUT... EVERYBODY WENT BACK TO THEIR OFFICE, AND EVERY OFFICE ACROSS THE COUNTRY WAS WORKING 24/7.

YOU COULD PICK UP THE PHONE ANY TIME IN THE NEXT SIX MONTHS AND YOU WOULD GET SOMEBODY ON THE OTHER END WHO SAID "WHAT DO YOU NEED?"

WHAT CAN I DO TO HELP?" YOU JUST CAN'T IMAGINE HOW GRATIFYING THAT WAS.

AND HOW EXTRAORDINARY THAT IS.

EVERY COMPANY SAYS THEY DO THAT, NO WAY.

COMPANIES DO GREAT THINGS, BUT... THIS INCIDENT FOR THIS COMPANY WAS A DEFINING MOMENT AND FOR THE PEOPLE WHO ARE HERE AT THE TIME, IT WAS EXTRAORDINARY.

NOW... JUST THE PHYSICAL TASK OF REBUILDING THE STOCK EXCHANGE,
WHICH IS ROUGHLY THE SIZE OF CINCINNATI, THE SPACE OF FOUR DAYS,
WHO COULD DO THAT?

WHO DOES THAT?

YOU KNOW?

BETWEEN ALL THE PEOPLE IN WIRELESS AND WIRELINE AND ALL THESE
SMART PEOPLE AND SUPPLIERS, THEY GOT IT DONE.

AND... WHEN WE TURNED THE STOCK EXCHANGE ON THAT MONDAY MORNING,
EVERYBODY SAID "IT'S WORKING."

OF COURSE, I'LL TELL YOU A SECRET.

NOBODY KNEW WHAT CAPACITY WE HAD.

[LAUGHTER]

>> BUT THERE WERE NO COMPLAINTS.

BECAUSE... WE KNEW THAT ALL THE BROKERED DEALERS COULDN'T GET
THEIR NETWORKS UP AND RUNNING.

AND EVEN THOUGH THEY SAID THEY WOULD, THEY COULDN'T GET THEIR
PEOPLE INTO A TERMINAL COMPUTER ANYWHERE.

SO... WE WERE GOOD ENOUGH TO MAKE SURE WE HAD ENOUGH CAPACITY TO
HANDLE ALL THE TRADING THAT STARTED THAT MONDAY AND IT JUST GAVE
THE WHOLE COUNTRY A LIFT.

SO... I THINK TO ME, THE ETHIC THAT CAME FROM THE BUSINESS FOR A
LONG TIME, BUT 9/11 HELPED US ALL DOUBLE DOWN ON HOW IMPORTANT
WHAT WE DO REALLY IS.

I DON'T KNOW, LOWELL, YOU WERE THERE.

McAdam:

>> I COULDN'T AGREE MORE.

THERE'S NOTHING THAT'S MATCHED UP TO 9/11.

I MEAN, WE STILL SEE EVERY TIME THERE'S A HURRICANE, I MEAN,
HOUSTON WAS A GREAT EXAMPLE, THE PICK-UP TRUCKS LINED UP READY
TO HEAD DOWN THERE AND HELP ANY WAY THEY CAN, BUT... IT'S A
GREAT ETHIC AND I DON'T KNOW HOW YOU EVER WOULD, WOULD REPLICATE
THAT.

>> WE DON'T WANT TO, OBVIOUSLY.

BUT... IF, IF IT HAS TO HAPPEN, I KNOW THIS COMPANY WILL BE THERE.

ABSOLUTELY.

>> HOWELL, MAYBE THIS IS FOR YOU, HOW HAS THE HIRING AND ATTRACTING TALENT TO VERIZON CHANGED IN YOUR CAREER?

>> YOU KNOW... IT'S, IT'S INTERESTING, WE HAVE THIS DEBATE A LOT.

I DON'T KNOW WHETHER MARC REED'S JOINS US HERE THIS AFTERNOON OR NOT BUT... EVERY TIME WE PUSH THE ENVELOPE, AND WE HAVE A HISTORY OF DOING THAT, IT'S SORT OF THE PLACE THAT PEOPLE WANT TO WORK.

SO... WHEN IVAN WAS THE FIRST TO DECLARE FOR FIOS, ALL THE WAY, FIBER, ALL THE WAY INTO THE HOME, IT WAS LIKE... WOW, THEY'RE DOING SOMETHING LEADING EDGE.

WHEN WE WERE THE FIRST TO GO TO 4G, THERE WERE A LOT OF PEOPLE THAT SAID, OH, THEY'RE WAY TOO EARLY, AND... WE SAID IF YOU BUILD IT, THEY'LL COME AND WE ATTRACTED A LOT OF TALENT THEN AND WE'RE SEEING THE SAME THING NOW AND I WOULD SAY BOTH IN OATH AND IN THE, THE MAIN CORE PART OF THE BUSINESS, BECAUSE... WE WERE OUT TWO YEARS AHEAD OF EVERYBODY ELSE.

ON 5G, AGAIN.

AND PEOPLE SAID "OH NO, IT'S, IT'S WAY TOO EARLY" AND AS WE KNOCKED DOWN EVERY ONE OF THOSE, THEY GO, WOW, THESE GUYS KNOW WHAT THEY'RE TALKING ABOUT.

ERIC SCHMIDT, WE WERE IN A MEETING LAST WEEK IN THE VALLEY.

ERIC SCHMIDT GOT UP AND ALMOST COULD HAVE QUOTED OUT OF THE BOOK ABOUT HOW WE HAVE THE BEST ENGINEERS AND IF YOU'RE GOING TO BE LEADING THE WORLD ON -- IF YOU WANT TO BE WHERE YOU CAN LEAD THE WORLD ON 5G, IT'S WITH VERIZON.

SO... WE NEED TO REMIND OURSELVES... I WOULD SAY, SCOTT, ONE OF THE CHALLENGES WE HAVE RIGHT NOW, IS PEOPLE INSIDE THE BUSINESS, WHILE THEY FEEL GOOD ABOUT IT, SORT OF VALUE US HERE, AND WHEN PEOPLE OUTSIDE OF THE BUSINESS LOOK AT THE ASSETS WE HAVE, AND HOW WE CAN LEAD THE, THE GLOBE IN SOME OF THE AREAS, I MEAN, THEY LOOK -- THEY THINK WE'RE UP HERE.

SO... IT'S NOT HARD TO ATTRACT, ATTRACT THE TALENT NOW.

Seidenberg:

>> YOU KNOW... THE TALENT GRAVITATES TO COMPANIES THAT HAVE A, THE SEMBLANCE OF A VISION AND ARE WILLING TO TAKE THE RISK FOR GROWTH.

SO... THE THING ABOUT WHERE YOU GUYS ARE NOW IS YOU'RE WILLING TO TAKE THE PAIN, WHATEVER THAT MEANS, IN TERMS OF DOING THE, THE GROUNDWORK TO DO 5G.

YOU MAKE THESE ACQUISITIONS TO CREATE OATH, SO... PEOPLE ON THE OUTSIDE SEE THAT.

EMPLOYEES ON THE INSIDE, THEY GO NOW WE DID THAT, WHAT ARE WE GOING TO DO NEXT?

THERE'S ALWAYS THAT ISSUE OF, YOU CONSTANTLY HAVE TO DO MORE ACQUISITIONS, BUT... THE BEST COMPANIES, THE BEST COMPANIES, GENERALLY, GROW ABOUT 2/3 ORGANICALLY AND 1/3 THROUGH ACQUISITION.

THE HARD WORK IS ORGANICALLY.

YOU HAVE TO DO THE WORK, PUT 5G IN, INSTALL IT, FIGURE OUT HOW TO MAKE IT WORK, GROW IT, TANGENTIAL INDUSTRIES AND COLLATERAL SERVICES YOU PUT FROM IT.

IF YOU GET IT RIGHT, YOU WILL, THE GROWTH OPPORTUNITY, GREAT.

AND... IN TERMS OF HIRING PEOPLE, NEVER HAD ANY PROBLEM HIRING PEOPLE IN THE COMPANY THAT'S TRYING TO GROW.

McAdam:

>> SO, IVAN, LET ME ASK YOU SOMETHING. YOU HAD THE TENACITY, YOU TOOK A LOT OF HEAT OVER FIOS.

YOU WERE THE FIRST TO DECLARE FOR FIBER TO THE HOME AND INVESTORS, YOU KNOW... JUST PUMMELED YOU FOR AWHILE.

WHAT ADVICE WOULD YOU GIVE TO THE LEADERS OUT HERE THAT ARE TRYING TO BEND THE CURVE IN THEIR PART OF THE BUSINESS AND THEY'RE UP AGAINST INERTIA OR WORSE?

Seidenberg:

>> I DON'T KNOW IF I HAVE ANY ADVICE, SO... WHAT HAPPENED WHEN WE DID THAT?

OKAY?

IT DIDN'T TAKE AN ENGINEERING GENIUS TO KNOW THAT FIBER WAS BETTER THAN COPPER, RIGHT?

JUST THINK ABOUT IT.

ALL OF THE LONG DISTANCE INTEROFFICE PLANT WAS ALL FIBER.

THE ONLY THING THAT WASN'T FIBER WAS THE LAST LINK, THE LAST MILE, RIGHT?

WE CAME UP WITH THIS BRILLIANT IDEA, IF THE LAST LINK COULD BECOME FIBER, WE'D HAVE SOMETHING SPECIAL.

SO... LOWELL, THE TECHNOLOGY VISION WASN'T THE PROBLEM.

IT WAS THE ENTIRE FINANCIAL COMMUNITY AND THE OPERATIONS COMMUNITY WHO SAID THIS IS A BAD IDEA.

THIS IS GOING TO BE HARD TO DO.

OKAY?

SO... IN MY COVENANT WITH THE ORGANIZATION, I'LL DEAL WITH THE FINANCIAL COMMUNITY, YOU HAVE TO TAKE CARE OF OPERATIONS.

IF THERE'S ONE COMMENT I'D MAKE, IT'S WE TOOK TOO LONG TO FIGURE OUT OPERATIONALLY HOW TO MAKE IT WORK.

OKAY?

AND THAT ADDED COST, EVERYBODY TRIED HARD, BUT WHEN YOU DO SOMETHING FOR THE FIRST TIME THAT YOU'VE NEVER DONE BEFORE, IT'S HARD.

SO... WHAT I'D SAY IS, AS YOU GO THROUGH THIS 5G, YOU HAVE TO WORK SMARTER AND FASTER AND HARDER TO MAKE IT WORK THE WAY YOU WANT IT.

AND THEN YOU'LL BE ABLE TO DEAL WITH ALL OF THE, THE PEOPLE WHO HAVE CRITICISMS.

AND... IF THE CRITICISMS GET TOO LOUD, THEY'LL COME AFTER YOU ANYWAY, SO... IT'S OKAY.

[LAUGHTER]

>> SO... IF I WERE SITTING OUT THERE, MY REACTION IS, OKAY,

LOWELL, IF THEY COME AFTER YOU, THAT'S FINE, JUST LEAVE ME ALONE, I'LL DO MY JOB.

I THINK IT'S THE SPEED OF EXECUTION.

AND AGAIN... YOU (McMurray) WROTE THE BOOK, YOU DIDN'T KNOW US BEFOREHAND, THAT COMES OUT IN THIS BOOK IN SEVERAL PLACES, THE SPEED AND THE COMPETENCY AT WHICH YOU GO ABOUT DOING YOUR WORK WILL SHORTEN THE TIME GAPS IN THAT.

SO... I WOULDN'T CHANGE WHAT WE DO.

YOU KNOW WHAT?

IN YOUR OWN WAY AND YOUR OWN WORDS, YOU DECIDED TO DO MORE FIBER.

>> THAT'S RIGHT.

A LOT MORE FIBER.

>> SO... I'M SITTING BACK GOING "THIS IS HILARIOUS."

[LAUGHTER]

McAdam:

>> DO YOU KNOW THAT WHEN WE COMPLETE THE, THE CORNING PURCHASE AGREEMENT, WE'LL HAVE ENOUGH FIBER TO GO ALL THE WAY TO MARS?

Seidenberg:

>> I LIKE IT! WHO'S GOING TO MARS?

McAdam:

>> ELON MUSK. I TOLD HIM WHEN HE LANDS ON MARS, WE'LL HAVE A POINT OF PRESENCE UP THERE.

[LAUGHTER]

Seidenberg:

>> THERE YOU GO. BUT, STICK TO YOUR GUNS, OKAY?

STICK TO YOUR GUNS.

THE ISSUE REALLY TURNS OUT TO BE EXECUTION.

I'M A BIG BELIEVER IN THAT.

I KNOW YOU PROBABLY HEARD ALL THIS BEFORE, FROM HIM, BUT... IT'S EXECUTION.

BECAUSE... THERE'S ONLY SO LONG YOU CAN TELL THE STORY BEFORE THE POSSE WANTS TO KILL YOU, YOU KNOW?

McMurray:

>> I THINK RAM CHARAN, TO GIVE CREDIT TO RAM AGAIN, I THINK HE REALLY DRIVES HOME EXECUTION AND CONSISTENTLY THROUGH THE BOOK, ECHOING WHAT YOU'RE SAYING.

Seidenberg:

>> SO... CAN I JUST -- A WORD ABOUT CHARAN?

HOW DID I GET HIM INVOLVED WITH THIS?

OR WHY DID HE GET INVOLVED?

SO... THE TRUTH BEING KNOWN, I'VE KNOWN HIM SINCE EARLY 80S, SO... HE WAS DOING CONSULTING WORK FOR THE COMPANIES THAT I WORK FOR AND... I LIKED HIM.

I USED TO LISTEN TO HIM AND HE APPRECIATED THAT.

AND HE WATCHED ME THROUGHOUT MY CAREER, SO... WE WERE DOING THIS, AFTER I RETIRED, I CALLED HIM UP AND SAID "DO WE HAVE A STORY TO TELL?" HE GOES... YEAH, YOU HAVE A STORY TO TELL.

WE DID ALL THIS WORK ON IT.

I SAID "I DON'T WANT YOU TO WRITE IT OR TELL THE WHOLE STORY, JUST PICK THOSE THINGS THAT YOU THINK YOU CARE ABOUT.

THIS GUY'S WRITTEN 40 BOOKS."

HE WRITES BOOKS ON STRATEGY, WHICH IS REALLY M&A, RIGHT?

HE WRITES BOOKS ON BOARD GOVERNANCE AND HE LIKES THE KINDS OF THINGS WE DO, AND HE LIKES TO WRITE ABOUT MANAGEMENT TEAMS.

HE THINKS MANAGEMENT TEAMS MAKE IT WORK.

HE WAS WILLING TO INSERT HIS OPINION IN HERE AND I THOUGHT, LOWELL, THAT WE COULD USE A LITTLE THIRD PARTY VALIDATION AND HE IS A BIG NAME, SO, WHEN IT COMES TO, YOU KNOW, PEOPLE READING THE BOOK AND SAYING "THIS IS JUST MANAGEMENT TOOTING THEIR OWN HORN."

MAYBE, A LITTLE BIT, THAT'S OKAY, BUT NOW YOU HAVE A WORLD CLASS CONSULTANT, KIND OF AGREEING WITH YOU.

SO... ALL THESE PEOPLE, ALL THESE HATERS OUT THERE, WHAT ARE THEY GOING TO DO?

THEY'LL GO FIGHT WITH HIM, NOT ME.

[LAUGHTER]

>> YOU GET THE PICTURE.

WE COME BACK TO THE COMPANY HAS A GREAT STORY, SO... LET'S TELL IT.

McAdam:

>> SCOTT, YOU'VE DONE A COUPLE OF THESE, WHAT, WHAT -- I'D BE INTERESTED IN WHAT SURPRISED YOU OUT OF ALL THE INTERVIEWS AND EVERYTHING THAT YOU'VE --

McMurray:

>> SURE, THAT'S A GREAT QUESTION.

SO... COUPLE THINGS.

ONE, WE TOUCHED ON, IN GENERAL, THE CHESS BOARD APPROACH AND I'M NOT A GREAT CHESS PLAYER, BUT I REALLY, THAT STOOD OUT IN MY MIND, BECAUSE... TYPICALLY THE CEO COMES IN AND HE SAYS IN 90 DAYS OR 100 DAYS WE'RE GOING TO DO X, Y AND Z.

AND SOMETIMES IT WORKS AND SOMETIMES IT DOESN'T.

YOU CAME IN AND SAID, WE'RE GOING TO MOVE HERE AND DEPENDING ON WHAT SOUTHWEST BELL DOES, WE'LL DO THIS.

AND IF THE BELL SOUTH DEAL WORKS, WE'LL DO THAT, WE WON'T.

I MEAN, YOU HAD THE BELL SOUTH DEAL FALL APART, ON A HANDSHAKE AGREEMENT, AND ALMOST THE NEXT DAY, YOU WERE OUT AFTER GTE.

THAT DOESN'T HAPPEN, THAT MUCH, IN MY EXPERIENCE.

I THOUGHT THAT WAS GOOD, REALLY GOOD AND THE OTHER THING THAT COMES ACROSS VERY STRONGLY IS THE IMPORTANT ROLE FOR THE BOARD AND THE WAY IN WHICH YOU ACTIVELY ENGAGED THEM AS YOUR PARTNERS AND NOT JUST PEOPLE KIND OF CHECKING OFF BOXES.

OR... JUDGING WHETHER YOU SHOULD STAY OR GO.

I THINK, AND OBVIOUSLY THAT CONTINUES WITH LOWELL, BUT THAT WAS VERY IMPRESSIVE TO ME AND YOU OBVIOUSLY, YOU HAD GREAT BOARD MEMBERS.

TO GIVE CREDIT.

SANDY MOOSE AND OTHERS.

REALLY GREAT TEAM THERE.

THOSE TWO THINGS REALLY STRUCK ME AS DIFFERENTIATING YOURSELVES FROM THE CROWDS.

Seidenberg:

>> HE WROTE A BOOK ON TIME WARNER AND A COUPLE OTHER PLACES.

McMurray:

>> I DON'T WANT TO SOUND LIKE I'M CRITICIZED TIME WARNER BY PRAISING WHAT YOU'RE DOING SO... TO DODGE THAT, MAYBE WE SHOULD THROW THIS OPEN TO QUESTIONS.

WE WERE ASKED TO HAVE ANOTHER -- I DIDN'T MEAN TO CUT YOU OFF.

McAdam:

>> I WANT TO ASK IVAN ONE OTHER QUESTION. THE VERIZON TO VERIZON FUND.

THE PROCEEDS, WHY DID, THAT'S -- BY THE WAY, EVERYBODY APPRECIATES, THAT BUT... THAT WAS TOTALLY YOUR IDEA AND JUST, WHAT WERE YOU -- WHAT DID YOU THINK?

Seidenberg:

>> THE TRUTH IS, I CALLED MARC (Reed, Verizon CAO) AND ROSE (Kirk, Verizon Foundation president) AND SAID "HOW DO WE DO THIS?" WE HAD A COLLABORATIVE CONVERSATION ABOUT IT.

THEY WERE VERY STRONG ABOUT SAYING THAT THE MOST IMPACT WE COULD HAVE, IF WE WANTED TO GIVE SOMETHING TO THE COMPANY WOULD BE THROUGH THE B2B.

WHAT WAS COMPELLING TO ME, I GUESS I ALWAYS KNEW THIS, UNTIL YOU ACTUALLY EXPERIENCE IT, WHETHER IT WAS THE HURRICANES IN FLORIDA WHERE I HAD SOME DAMAGE IN MY OWN HOME, BUT DIDN'T REALIZE THAT WE HAD VERIZON WIRELESS EMPLOYEES DOWN THERE THAT LOST THEIR HOMES IN THE HURRICANE IN FLORIDA, HURRICANE IN NEW ORLEANS, WE HAD THE SAME PROBLEM AND 9/11, ANOTHER WHOLE ISSUE.

SO... WHAT WAS INTERESTING TO ME IS THE COMPANY ALWAYS TRIES TO HELP, BUT IT CAN'T DO EVERYTHING.

SO... I THINK THE, THE HUMAN ELEMENT OF THE COMPANY WANTING TO SUPPORT OUR OWN, IS JUST A NATURAL THING THAT, THAT WAS GOOD, AS FAR AS I WAS CONCERNED.

SO... YOU KNOW, THE PUBLISHER TAKES OFF THE TOP OF WHATEVER THEY DO AND EVERYTHING ELSE GOES TO B2B.

THAT'S GOOD.

[APPLAUSE]

>> MOST IMPORTANT OF ALL, THE FACT THAT ON OCCASION, YOU KNOW, THE COMPANY PUMPS THE MONEY INTO THAT BECAUSE... SOMETHING HAPPENED THAT YOU WANT TO HELP EMPLOYEES, IT'S PERFECT AND THERE'S A PROFESSIONAL GROUP THAT ADMINISTERS IT.

SO, TO ME, THAT WAS REALLY IMPORTANT TOYOTA HAVE SOMEBODY PROFESSIONAL THAT KNEW HOW TO DO IT, THAT KNEW HOW TO SCAN ALL THE APPLICATIONS AND GIVE THE RIGHT AMOUNT AND IT WASN'T EVERYBODY GETS THE SAME, PEOPLE WITH MORE NEED GET MORE, SO... I WAS HAPPY WITH IT.

AND HOPEFULLY THIS WILL GO ON FOREVER.

YOU KNOW... THAT'S THE KIND OF THING.

I DON'T KNOW HOW MANY BOOKS WE'LL SELL, BUT IF WE SELL 20 MILLION, THAT'S A PRETTY GOOD DEAL.

[LAUGHTER]

>> BUT YOU WON'T SELL 20 MILLION.

McAdam:

>> THERE'S ALWAYS A HIGHER GEAR, IVAN.

Seidenberg:

>> THAT'S TRUE, THAT'S TRUE.

BY THE TIME WE GET TO 20 MILLION, I'M NOT GOING TO BE AROUND, I
DON'T THINK.

[LAUGHTER]

>> YOU'LL BE WRITING THE NEXT BOOK.

McAdam:

>> GREAT.

McMurray:

>>THANK YOU GENTLEMAN. THIS HAS BEEN ENLIGHTENING AND
ENTERTAINING, AND I APPRECIATE IT. AND THANK YOU ALL FOR JOINING
US.