Letter From Verizon CEO Lowell McAdam to Verizon Management

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About This Site

This site contains information about Verizon’s 2011 negotiations for contracts covering its eastern wireline union workforce. Verizon’s proposal includes a highly competitive pay and benefits package near the top of those offered by comparable companies. Verizon is committed to its employees, and promises to negotiate in good faith to reach a final agreement that balances the needs of all parties.

This letter was sent by Verizon CEO Lowell McAdam on Sunday, Aug. 7, to all U.S.-based Verizon Wireline and Corporate management
August 7, 2011

Dear Colleague,

As events have unfolded over this weekend, I want to share my thoughts with you about why we are dealing with a strike on the Wireline side of Verizon. It’s never easy to be on opposite sides of an issue with members of your own team and yet we did not reach an agreement with the unions prior to the expiration of contracts precisely because of our deep commitment both to customers and to ensuring the long-term viability of Verizon.

It’s no secret that the Wireline business has experienced a ten-year decline in our customer base and in profitability, despite investing billions in improving our network, processes and systems. We have taken many steps to offset this decline, including reducing our workforce, increasing
the amount our management employees contribute to their benefits, and even selling some of our Wireline properties. We’ve all felt the impact of these changes. We have arrived at the point where we must make additional hard decisions to address customer needs and the overall operating costs of the business.

Now, we’re asking our union-represented employees to help us on a variety of issues that could streamline our processes and further reduce our Wireline cost structure while keeping their overall compensation and benefits among the best in corporate America. It is clear that some of the existing contract provisions, negotiated initially when Verizon was under far less competitive pressure, are not in line with the economic realities of business today. In fact, under these contracts, benefit costs have risen consistently even as the Wireline business has shrunk. Scores of companies and municipalities have already dealt with this kind of competitive transformation. The changes we are requesting are similar to what the CWA has already agreed to with other companies in our industry. Furthermore, our cable competitors do not have these types of contract constraints, enabling them to be more nimble and flexible meeting customer needs. As the U.S. automobile industry found out a few years ago, failure to make needed adjustments -- when the need for change is obvious -- can be catastrophic.

Resolving these issues is an important part of the journey toward building a business as strong as our networks, which is my ultimate commitment to every customer, shareowner and employee. Many of you are making personal sacrifices to serve in front-line customer roles during this period. I thank you for putting customers first as you work long hours away from your families to help our vital services perform at their peak. As the first line of the Credo says, “We have work because our customers value our high-quality communications services.” Know that I equally value the contributions you make every day and especially at this time.

Finally, I take very seriously that 45,000 employees of Verizon are without a pay check in a very difficult economy when they should be spending time with their families enjoying the summer and getting ready for a new school year. Our team is dedicated to working as hard as they can to resolve our differences with the unions so all of our employees can get back to work serving customers.

Lowell