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## A.T.& T.'s Bad Connections



By GERALD C. MEYERS

**T**HE American Telephone and Telegraph Company could give lessons in how to blow it in a crisis. Its mistakes, which affected millions of customers, are shining examples of what not to do. Two weeks ago, failed equipment disrupted phone service for millions of customers, paralyzed airports and affected thousands of travellers nationwide. Hundreds of flights were canceled. A.T.& T. was paralyzed by the enormity of its misfortune. Officials blamed innocent technicians, then babbled shockingly poor explanations to the press.

The boss didn't help. At first, A.T.& T.'s chairman, Robert E. Allen, remained invisible. His effort to minimize his company's error is the knee-jerk reaction of any unprepared chief executive confronted by a grave, sudden mishap. He neither apologized nor acknowledged error, and hid behind other company executives.

A week later, however, in a full-page newspaper ad, he apologized and admitted management error. He expressed concern, which he should have, and promised his company would do better, which it must. A.T.& T. now gets points for candor. It is performing better than Source Perrier S.A. did when faced with a tainted-water crisis a few years ago, and it is light years ahead of the cave dwellers at the Exxon Corporation who mismanaged the Valdez oil spill.

But A.T.& T. still botched the job and may be doing too little too late. After service failed, Mr. Allen was a no-show. Leaders must act decisively when trouble strikes because the credibility battle

*Gerald C. Meyers, a professor at Carnegie Mellon University Graduate School of Industrial Administration, is a crisis management consultant.*



Illustrations by Phil Poster

is won or lost in the first 72 hours. When credibility goes, the ball game is over. Further, too much of the ad was self-serving puff about how wonderful A.T.& T. service is. An apology is no place for a commercial. And A.T.& T. still hasn't said exactly what happened. If it doesn't know, it should say so — and not guess, try to find scapegoats or fabricate. Now it has been branded a liar by its union.

**I**N the meantime, the telecommunications marketing battle has escalated. The MCI Communications Corporation and U.S. Sprint are having a field day, raising questions about who can deliver. And they have a case. It's hard to comprehend how A.T.& T.'s system failure went unnoticed for six hours, especially after two other shutdowns in the last 20 months.

A.T.& T. is not the first to fall into the credibility crevice. Audi gambled and lost when it blamed sudden acceleration problems on unsophisticated American driving habits. Drexel Burnham Lambert insisted on its innocence for two years before collapsing under the weight of evidence uncovered by the Justice Department. The National Aeronautics and Space Administration buried its head in the sand after the Challenger exploded.

A.T.& T. should have learned from these failures — or from companies that reacted well to crisis. The H. J. Heinz Company's Starkist division, Ashland Oil and British Petroleum all faced serious trouble: Starkist, when critics lambasted it for buying tuna from fishermen who kill dolphins in drift nets, Ashland for spilling heating fuel into a Pennsylvania waterway and B.P. for a tanker wreck a few years ago. But all three pledged to fix their failings without hesitation.

Misfortune is manageable, but there are rules for executives: Take charge or take it on the chin. Don't follow your first impulse to minimize the problem. Assume the worst so you will extend yourself to your maximum capacity. Don't wait for the facts; there probably won't be many. Head for the scene to assess the damage. Draw conclusions and act fast. Ducking blame will derail your recovery. Be the source of bad news, not the victim of it. Above all, act like a human being first, no matter what. Don't hesitate if you're forced to choose between helping people or saving money.

A.T.& T. now faces severe marketing implications. Critics have raised safety and public security issues, and those who paid the price will not easily forgive the company. ■