



## BILLING COSTS REDUCED BY 90% WITH **CRUCIAL CONVERSATIONS® TRAINING**

**INDUSTRY:** Telecom

**ABOUT AT&T:** It takes the right technology, the right people, and a bold vision to be “The World’s Networking Company.” For more than 125 years, AT&T has been known for unparalleled quality and reliability in communications. Backed by the research and development capabilities of AT&T Labs, the company is a global leader in local, long distance, Internet, and transaction-based voice and data.

### THE OPPORTUNITY

In the mid-1990s, AT&T discovered that a fierce competitor produced its billing statements at half of AT&T’s cost. In a highly competitive, price-sensitive industry, this gave the competitor a distinct advantage. Mike, the new vice president of business billing at AT&T, was asked to bring the pricing advantage back into his department’s court. That would have been tough enough—but the complexities and numerous changes involved in pulling this off made the task appear all but impossible.

First, it had to be done within eighteen months. Second, a key strategy for accomplishing the goal was the inevitable reduction in staff among the two thousand IT employees by at least 33 percent. Third, while downsizing, they would have to transform twenty separate programs written in outdated programming languages into a single program written in a more current language. And finally, all this had to be done without allowing quality to drop one iota (research showed customers defected when billing quality dropped).

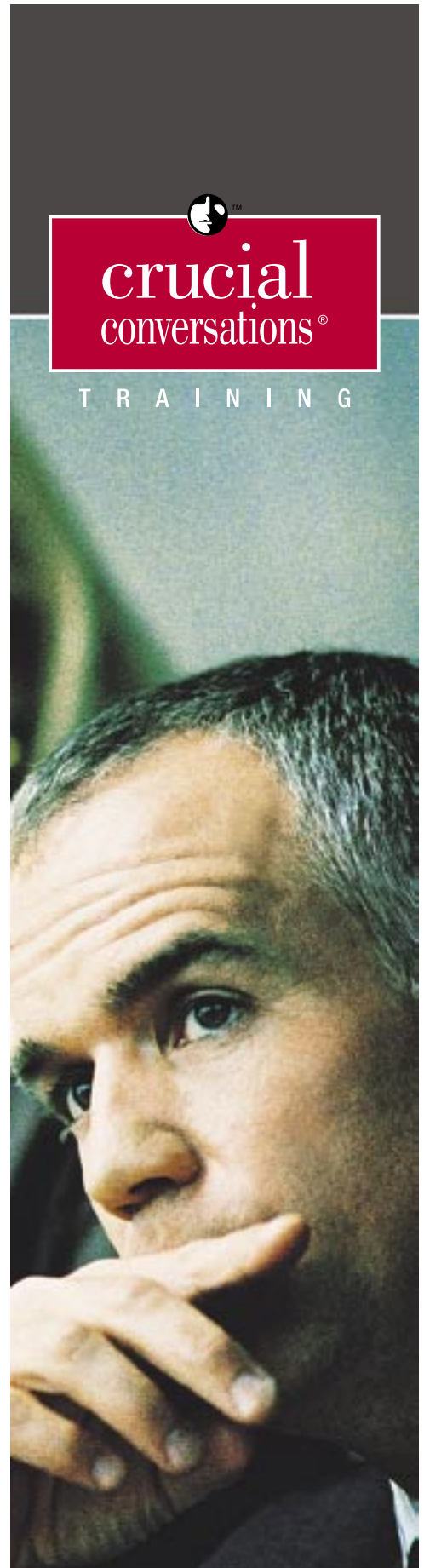
Being a bit of an overachiever, Mike decided to add one of his own goals. He wanted to simultaneously improve employee satisfaction in the battered organization by 15

percent. Mike realized in the tight labor market of the time, demoralized employees would drive unacceptable turnover and gut the organization at a time it needed peak employee engagement.

So, how do you reduce staff, improve morale, and change technology while maintaining the highest quality? Mike realized such a challenge would require unprecedented employee cooperation. He asked VitalSmarts to assist him in meeting his department’s goals. VitalSmarts partnered with AT&T’s senior management to create an influence strategy to meet or exceed the project’s goals.

### THE SOLUTION

The first step was enacting a culture assessment to understand which existing behavior patterns were barriers to achieving these goals. One of the biggest barriers discovered involved conversations that were not being held. If a larger project fell behind schedule, employees were loath to admit it publicly. In addition to the normal embarrassment of admitting failure, insecurity about jobs encouraged employees to procrastinate having crucial conversations about risks to the overall schedule. Instead, everyone waited for someone else to admit that his or



her part of the project was late. Like participants in a game of chicken watching a speeding train barrel toward them, no one wanted to be the first to jump off the tracks. Once someone else begged for more time, all who had not fessed up would heave a sigh of relief and benefit from the reprieve.

The cost of this behavior was enormous. When no one spoke up about problems or delays, the costs of rework and end-of-project crises became much greater than if carefully managed development had taken place along the way. To fix this pervasive problem, people would need to become open and candid about real project status.

VitalSmarts reviewed the culture assessment with the leadership team and identified four vital behaviors that would be key to improving morale, maintaining quality, and succeeding in the transformation. These vital behaviors became the focus of the influence effort and involved getting employees to step up to and hold the appropriate crucial conversations. The VitalSmarts Six-Source Model was used to identify barriers and design interventions that would move vital behaviors in the right direction. Monthly and quarterly measures on customers, employees, and financial goals were created to track how well the vital behaviors were yielding the results the organization was after.

Mike and his team immediately started a campaign to encourage candor. They taught, required, and rewarded absolute candor about schedule, quality, and resource issues with

their top leaders, peers, and direct reports. Month after month, they carried out a variety of Six-Source Interventions designed to foster greater openness. Also to this end, the majority of employees participated in Crucial Conversations training, which boosted their ability to bring up tough issues and give feedback where it was needed.

Through training in Crucial Conversations, employees began to take initiative and make a difference in their work. They saw how they could take advantage of the technical training in the new software language, benefit from the early notification of intended staff reductions, and use the improved placement help offered by the company to solve their employment problems. This was in direct contrast to the previous self-defeating cycle of blaming and waiting.

## THE RESULT

By learning crucial conversations skills—in a time ripe for plunging percentages—employee satisfaction rose by 20 percent; that was 5 percent higher than the original goal. This increase occurred during the same time in which nearly half the employees had to leave and find placement inside or outside the company. What's more, the organization retained all of its key subject-matter experts while other business units within the company lost between 20 and 40 percent of their experts during the same period.

By learning the skills in Crucial Conversations and creating an unprecedented degree of openness and candor, the organization met all of its aggressive goals due to the increased engagement and commitment of its people. Amazingly, the organization met its seemingly impossible cost-reduction goals, headcount-reduction goals, and employee-satisfaction goals. It also reduced software defects and created programs in the new language while maintaining quality and retaining customers. And, triumphantly, it closed the billing-costs gap by 90 percent. 📉

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**About Crucial Conversations Training**—Whenever you're not getting the results you're looking for, it's likely that a crucial conversation is keeping you stuck. Whether it's a problem with poor quality, slow time-to-market, declining customer satisfaction, or a strained relationship, if you can't talk honestly, you can expect poor results.

This award-winning training infuses classroom time with original video clips and examples. Course pacing is active and engaging, with frequent structured rehearsals and intense class participation. The Crucial Conversations course delivers a powerful set of influence tools that builds teams, enriches relationships, and improves end results. Participants acquire the skills that help them step up to and handle high-stakes issues.

**About Southam Consulting**—Southam Consulting is a consortium of business specialists who focus on corporate training and organizational performance. Kurt D Southam, PhD is its founder and president. Dr. Southam has over 25 years experience with multiple domestic and international industries. He is a Principal Associate in partnership with VitalSmarts™ and Master Certified Trainer of Crucial Conversations, Crucial Confrontations™, and Influencer™. Dr. Southam is personally involved with every client project.