

Service Leadership

An Interview with Maggie Wilderotter,
Chairman and Chief Executive Officer, Frontier Communications Corporation

EDITORS' NOTE Maggie Wilderotter was named Chairman and CEO of Frontier Communications in January 2006. She had joined the company in November 2004 as President and CEO, and a member of the Board of Directors. Before this, she was Senior Vice President, Worldwide Public Sector at Microsoft. Previously, Wilderotter was President and CEO of Wink Communications Inc. and, before that, her positions included Executive Vice President of National Operations for AT&T Wireless Services, Chief Executive Officer of AT&T's Aviation Communications Division, and a senior vice president of McCaw Cellular Communications. Wilderotter most recently stepped down after two years as Chair of the President's National Security Telecommunications Advisory Committee (NSTAC) and remains a member of the NSTAC. From October 2010 to November 2012, she was Vice Chair of NSTAC. She is a member of the Board of Directors of Procter & Gamble Company and Xerox Corporation. Wilderotter holds a bachelor's degree in economics from Holy Cross College and in 2014 received an Honorary Doctor of Engineering degree, *honoris causa*, from the Stevens Institute of Technology.



Maggie Wilderotter

COMPANY BRIEF Frontier Communications Corporation (frontier.com; NASDAQ: FTR) offers broadband high-speed Internet, voice, video, wireless Internet data access, data security solutions, specialized bundles for residential, small businesses, and home offices, and advanced communications services for medium and large businesses in 28 states. Frontier's approximately 17,000 employees are based entirely in the United States.

What has made this company so successful?

Leadership starts at the top, and it starts with setting a tone and agenda about where the company is headed from a mission and purpose perspective. It also has a lot to do with our corporate culture: deciding who we are as a company, what makes us different, and what gives us our foundation. Values are critical for providing a compass for all that we do. We also use these values in our hiring and in how we conduct ourselves with our customers,

suppliers, employees, and each other. Over these past 10-plus years, I have focused on culture and on getting the best talent into the right positions at Frontier to enable us to work collectively and to constantly improve the company.

We have a very open culture built on accessibility. Our leaders are routinely in the field with employees and customers. We focus on understanding the business, getting feedback, listening and learning, and transferring that information and knowledge to our

frontline employees so they can better serve our customers.

Leadership takes many forms, but if you were to talk to our employees and specifically my direct reports, I think they would say I model a behavior of service leadership: serving our employees, customers, and shareholders and making sure we are there for them. They are the reason we exist.

Is it challenging from a service point of view to differentiate in this space?

It's about the customer experience. Many times when people talk about phone, Internet, or video service, they are talking about more than just the product. It's about the price/value relationship of the products with all other activities a company like Frontier provides. It's about how we sign up customers; the installation experience; their first bill; or when they call with a question or interact with us online. At the end of the day, the customer experience includes all activities along with our availability and responsiveness. Every time someone interacts with our products, services, and people, it's another moment of truth to delight or disappoint that customer.

We spend a lot of time differentiating the entire end-to-end experience. We educate our employees that companies are set up functionally, but the customers don't view a company as a function – they view it as an end-to-end experience. In other words, it's a personal experience.

Is growth coming from both the residential and business sides?

The good news about our product set is that it's very relevant in the commercial space as well as the residential space. About 50 percent of our revenue is business and 50 percent is residential.

We have 10 million households within the Frontier footprint that includes about 400,000 business customers. Even though we serve a smaller number of businesses compared to residential customers, the amount of money business customers spend on Frontier products and services equals the revenue that millions of customers spend with us on the residential side.

We have developed a specialized product and experience for our business customers to meet their needs versus the very different needs of residential customers. In addition, Frontier's small business customers have very different needs than an enterprise business or the wholesale relationship we have with other telecommunications carriers. We differentiate ourselves in terms of the support and the quality of service we deliver to each customer segment. It's important to ensure that we are taking care of those diverse segments of customers in very different ways to meet their expectations.

Is your focus not just on the larger blue-chip companies but small and medium-sized businesses as well?

All big businesses started out as small or medium-sized companies. Our goal is to help our small businesses grow to be medium in size, our medium businesses grow to be large, and our large businesses to grow even bigger.

Frontier has had a long commitment to rural America. What is the role you play in powering that broader rural economy?

Our focus on rural America dates to the company's founding in 1935. We have always known that communication services equate to economic growth, whether initially through "plain old telephone service" (POTS) or today with the Internet, streaming video, and the ability to have a virtual business or to work at home. These services improve our customers' quality of life.

Our philosophy is if you decide to live in rural America, you should have the exact same communication services as if you decide to live in a large city. As a result, we spend a lot of time making sure we're upgrading our networks and providing choice to customers in smaller communities.

Also, our employees are local and live in these communities, so local engagement is another Frontier differentiator. We're active in our communities, and not just from a business perspective. Frontier employees volunteer and

work with nonprofits, associations, and schools to make sure that the community is a better place to live and work. It's not only the right thing to do but it's good for business.

How challenging is it to stay on top of the technology and will you touch on the investments Frontier has made in that area?

We made a decision six or seven years ago to move to a software-defined delivery network for our products and services. A software-defined network allows us to quickly change and adopt technology innovation. We also build our network infrastructure elements for growth projections that are three to four years out; in this way, we can stay out in front of growth demands.

As an example, a few years ago, if you were to ask me what the number-one application on the Internet was for bandwidth usage, I would have said peer-to-peer communication or VPN communication for businesses. Today, 35 to 40 percent of our network capacity goes to streaming video, and that change has occurred over just the past two years.

Innovation continues to accelerate and we have to press to stay ahead of it. The only way we can do that is by making sure we stay up on what is happening in the industry – watching trends in both the consumer and business space. Our partnerships with our suppliers are really important because we can't do it all ourselves.

Above all, it starts with really listening to our customers so we understand how they want to use our capabilities.

Is there opportunity to expand into new markets for Frontier or is the focus on building the business in current markets?

There is opportunity to expand. One trend we saw a few years ago was customers becoming more reliant on the Internet not just for entertainment and web surfing but also for their lifestyle and livelihood. They started doing their banking online, running their businesses, storing their important documents and photos – we made a decision to focus on protecting that data online and improving online access for our customers.

So we created a product portfolio called Frontier Secure. It gives our customers “peace of mind” online. Products like identity theft protection, malware protection, virus elimination, and hard-drive data backup. We back-up data so customers never lose anything if something happens to their computers or their smart devices. We launched this suite of products and have added additional products over the past two years.

Frontier Secure was launched first in our local markets and about six months ago, we took it nationwide. Now Frontier Secure protection is available anywhere in the United States; our products work with whatever broadband access service one has.

This product set has grown into a \$100-million business, so we see it as another big opportunity for us to further surround our basic products with real complimentary value-added capabilities.

How do you maintain that innovative edge when you reach a certain size and scale?

It is harder to do but it is critical to remain nimble and flexible. I call it managing by being

“small within big.” We have about 200 market clusters in the U.S. broken down by profit and loss. Each market has a general manager who makes decisions locally on their go-to-market strategy with their customers. We centrally provide the network, the customer service, the product portfolio, and administrative support. We give the general managers the tools to create their own messaging, marketing, and local engagement. They also are responsible for managing the local technician workforce. These local managers also determine how to dedicate resources from a philanthropic or charitable perspective and what activities to be involved in within those communities. We try to replicate a couple of hundred small businesses with economies of scale for the support function. While every market has similarities, we also respect and recognize that they also have very specific nuances.

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When we roll up information from those markets, we're educated on vignettes that are happening in different regions and in different areas. These can be very rural markets or suburban markets, or in high-tech areas like the Seattle suburbs, Portland suburbs, or mid-sized cities like Rochester, New York. This compares to very rural communities in agricultural areas in states such as Illinois, Michigan, and Ohio.

We then tailor our products and capabilities based upon what the needs are in specific areas. We don't have a big bureaucracy where our local people go through layers in order to make decisions – they can make them fast, they can operate with a sense of urgency, and they can take care of their customers locally.

How critical is it to have a diverse and inclusive workforce to mirror your customer base?

When I came to Frontier, I took a look at not just our leadership but our frontline, and I realized we were a male-dominated company. But in our markets, about 50 percent of buying decisions regarding communication services were and are made by women.

I wanted our employee base to be more reflective of our customer base. Today, 50 percent of senior operating leaders are women. Of the top seven people in the company, four are women. Company wide, we have also increased diversity in terms of color, nationality, skill, and capability.

We have hired many people into our company who didn't come from telecommunications but from hospitality, operations, the military, and manufacturing. This has given us a diverse set of skills and capabilities that allow us to serve our customers better.

This is something I am very proud of. If you look at our total shareholder return over the past year, it's over 50 percent. Our stock is up close to the same percentage year over year. The results that we deliver as a company are reflective of our workforce better representing our customer base.

Does corporate responsibility need to be a focus for businesses today and do the areas you support need to align with the business?

It's all symbiotic, because if our communities do well, Frontier does well; and if our communities don't do well, Frontier won't do well.

We look at it as a business imperative to help our communities be better at what they do and to provide them with the communications needed to attract economic development. We also actively work side by side to make sure school systems are good, that there are recreation and arts opportunities, and that there is diversity in terms of community activities. We sponsor many of these and we take pride in nurturing small businesses in our communities.

This is the catalyst to our recently launched America's Best Communities prize program, a \$10-million competition co-launched with DISH Network and CoBank. It's a multi-year contest and more than 100 communities are now in the application process. Its goal is to encourage eligible communities to develop plans and programs and to create public/private partnerships that will attract economic development and improve a community's quality of life. This investment in our rural communities is another way we can ensure that our customers and our markets thrive and prosper.

At the end of the competition, we will award \$3 million to the top community, \$2 million to the second-place community, and \$1 million to the third-place community. These are some of the things we do at Frontier to make our communities better. We are a 100 percent U.S.-based employer; 13 percent of our workforce are Veterans, Reservists, and their family members and we take our responsibilities to customers, communities, employees, and shareholders to heart. ●