

Verizon at Brink of Strike

MSOs stand to benefit if picket lines go up.

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Battle lines are forming for a strike at Verizon that could begin in early August and end up as an industry-changing confrontation.

On Aug. 2, existing contracts expire between Verizon East (the combined wireline operations of the former NYNEX and Bell Atlantic) and the CWA (Communications Workers of America) and IBEW (International Brotherhood of Electrical Workers). The parties are now negotiating such difficult issues as how to allocate cost of health care and prescription drugs and which jobs are covered, or not, by labor contracts.

Much has changed since August 2003, when Verizon and CWA/IBEW last approached a strike, which in that instance was averted at the last moment. The following factors are exerting new pressures on each side to reach an agreement before the picket lines go up:

On Verizon's Side

- In 1Q08, Verizon reported a net loss of 576,000 residential phone lines, primarily to cable and to wireless substitution. Service disruptions caused by a strike will accelerate this erosion.
- Verizon has cleared almost all regulatory hurdles to offer FiOS TV in New York City and expects to start doing so by late 2008. A strike would put on hold this much-awaited expansion of FiOS TV and could halt new installations of FiOS (and other Verizon services) elsewhere.

On CWA/IBEW's Side

- If a strike causes Verizon's wireline business to shrink, or puts FiOS at risk, Verizon's need for union workers will be reduced. Other major telecoms employers in Verizon's territory, including cable MSOs and Verizon Wireless, have minimal union representation. A strike that undermines VZ's business would shrink the pie that feeds the major telecom unions and their members.

Despite pressures to settle, Verizon may decide to take a strike. As noted in an earlier column ([Telcos Unsheathing Wireless Weapon](#)), Verizon's senior management has been taken over by C-level imports from Verizon Wireless starting with Denny Strigle, president and COO, formerly president and CEO at VZW. Unlike its parent, Verizon Wireless is non-union. Might this be Strigle's moment to take a stand against the CWA/IBEW, in the style of Ronald Reagan when he hammered the Professional Air Traffic Controllers Organization? According to a CWA online newsletter in April 2007, a Verizon executive who was urging workers to rethink their support for a union was quoted by witnesses as saying "we are under wireless now," which the CWA observed was "a reference to Strigle's harsh anti-union stance when he headed Verizon Wireless."

Although the MSOs are on the sidelines, they have a stake in the outcome. They will benefit if the unions "win" and Verizon is forced to carry higher labor costs and has less flexibility in managing its operations. Even if Verizon "wins," the MSOs may still see their glass as half-full if this weakens the CWA and IBEW, which are also knocking on the MSOs' doors. Either way, the MSOs' interest in these proceedings has at least a tinge of schadenfreude.

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