COMSAT is looking to employees for ideas.
Chairman Irving Goldstein said so at his most recent quarterly management briefing. Corporate Development Vice President Susan Mayer repeated it last month in her interview with COMSAT Today ("A Leaner, More Disciplined COMSAT Gets Ready For Its Second Quarter-Century").

In turning to employees, COMSAT joins a growing number of companies across the land—under assault from competition at home and from abroad—who are emphasizing innovative Thinking from within.

They're looking for fresh approaches to servicing existing customers and winning new ones, for reducing costs, for concepts that might turn into entirely new businesses. And they're looking to the people who live with these issues daily and who probably have the best perspective on them—employees.

In fact, the practice of encouraging internal innovation has become so popular that it has been given its own label— intrapreneuring, or internal entrepreneuring.

It isn't that COMSAT has been without ideas. Witness World Systems' long-term service contracts and its historic agreement with AT&T. Recall COMSAT Video Enterprises' innovations with satellite and computer technologies that spurred rapid growth in its business.

Creating a culture that enhances idea generation may take years. But, already in some parts of COMSAT, management has taken steps aimed at nurturing such a culture.

COMSAT Labs, for example, invites proposals for new research at its annual offsite meeting. “The outcome has a direct bearing on an employee’s future work, so there is little need to offer special incentives,” said Labs Director John Evans. The Labs also seeks ideas for research from technical, marketing and business development personnel in the lines of business, Evans added.

Another conduit for ideas is through the Labs’ divisional steering committees, each of which is represented on a central steering committee. The central committee, Evans says, “serves as a ‘brain’s trust’ to explore ideas for the better running of the Labs.”

Joel Alper's newly energized COMSAT Systems Division is opening avenues of communications to ensure that employee ideas get a hearing. This month, the division is introducing two new programs aimed at that goal. One, called “Ask the President,” encourages employees to submit suggestions, comments or questions directly to Alper—anonymously, if they prefer. Responses will go directly to the employee and those of general interest will be posted on designated bulletin boards. Submit—cont. page 5
Mutual Broadcasting Network's Larry King and COMSAT's Joel Alper discussed satellites on live radio recently. In recent weeks, Alper, president of COMSAT Systems Division, has been a guest on the Larry King Show, WMAL-radio and "Nation's Business Today," carried over ESPN.

**Analyst Recommends COMSAT Stock**

Citing improving earnings and the hidden value of COMSAT Video Enterprises (CVE), Joel Gross, an analyst with Donaldson, Lufkin & Jenrette, recommended COMSAT stock for purchase in his March 1 research report on the company.

Pointing out that COMSAT's stock has performed well since the October "crash," Gross noted that its price is up 30 percent from 22 on Oct. 19 to 28 3/8, but still below its pre-crash price of 33. "We continue to seek a target price of $40 for COMSAT, based on a valuation of $45, which comprise $34 per share for its regulated and unregulated satellite-service companies and $11 per share for its COMSAT Video division," the report said. Gross estimated that the stock should reach the target price in the second half of 1988.

Gross said that he bases his recommendation on the following highlights:

- COMSAT will most likely report CVE results separately beginning with the 1988 first quarter—action that will bring attention to the value of CVE.
- The company appears to be considering an increase in its dividend.
- One or more acquisitions are likely. COMSAT could make one or two small acquisitions in the range of $5-$10 million to supplement its unregulated satellite operations and perhaps a more sizable acquisition that would be related to increasing its market share in the hotel/motel video business.
- Earnings should improve as 1988 progresses. Earnings will improve because of several influences, including the lack of losses from operations disposed of in 1987, stability in earnings from the regulated satellite business, strong and profitable growth in unregulated satellite-service businesses, reduced overhead due to employee reductions, and the expanding contributions from its hotel video-service business.
- The company does not appear to be considering a share buy-back at this time.
- CVE continues to show excellent growth. The number of hotel rooms served increased 36 percent in 1987. The number of rooms served by year-end 1988 is expected to grow from 270,000 to 340,000.
- Capital spending, now running at approximately $100 million a year, largely for COMSAT's pro-rata share for INTELSAT satellites and related facilities, could drop noticeably beginning in 1990 if COMSAT can convince its international partners to use fewer satellites and less redundant facilities in the future.
- The FCC in February approved the concept of long-term discounts for satellite services to anyone willing to sign 10-year agreements.
New Compensation Program Gives Incentive to Perform

The opportunity for greater cash rewards for employees who perform well lies at the heart of COMSAT's new cash compensation program for 1988, announced in March.

For managers, there is increased freedom to reward employees who perform at top levels. For employees, there's greater incentive to work for excellence—and be rewarded for it.

The 1988 program consists of three parts:

- A Department Compensation Account from which salary adjustments such as promotions and merit increases are made, along with bonus and special award funds that previously were contained in separate programs;
- A Chairman's Award, designed to recognize extraordinary individual achievement; and
- The Annual Incentive Plan, for year-end performance awards (grades 27 and up only) recommended by the Chairman and approved by the board of directors.

Previous programs, such as Merit Incentive Opportunities (MIO), Spot Bonus and Special Recognition awards have been discontinued. Now these payments will be made out of the Department Compensation Account.

However, the streamlining of award programs did not diminish funds available for employee compensation. Instead, it has been designed to put control of those funds in the hands of those charged with meeting COMSAT's business objectives.

The philosophy underlying this year's compensation programs differs dramatically from that in the past. Previously, the company set numerous ground rules governing how money for raises and merit awards would be distributed to employees. For example, the company might have announced that raises for exceptional performers be held at five percent. Managers had limited discretion in rewarding top-notch performance.

Under the new program, most of the corporate guidelines have been stripped away. Division presidents and corporate vice presidents have been given charge of a pool of compensation funds, called a Department Compensation Account. They have also been given the freedom to set their own guidelines on how often and by how much salary adjustments should be made. Ideally, their guidelines will be structured to enhance the group's overall business performance.

Restrictions on use of the Account are few. The total of all raises, merit increases and other salary adjustments cannot exceed the account total. Increases that would push an employee's base salary above the maximum of his or her assigned salary grade level will not be permitted. Also, any compensation change for employees in salary grades 27 and above will require corporate approval.

"Under the new program, managers will be able to use compensation funds to invest in the people that are working hardest to achieve business objectives," said Carl Washenko, human resources director at Clarksburg.

According to Jim Herger, director of Human Resources for the Plaza, "The new program links compensation directly with performance, and that's the way it should be."

For employees, the new program promises greater freedom to reward efforts if they produce good work, according to Washenko and Herger. With the old 'caps' on increases removed, managers have greater freedom to reward individual efforts.

The Chairman's Award, another key program under the company's revised compensation plan, is designed to provide awards of between $5,000 and $10,000 and corporate-wide recognition for truly distinguished performance in significantly furthering COMSAT's business interests. All employees are eligible.

Nominations for the award can be made by anyone to his or her division president or corporate vice president. The division presidents or corporate vice presidents will then make their selections and forward their nominations to the Chairman. The Chairman will review them and select those employees, if any, to receive awards at the end of each calendar quarter.

In addition to the cash awards, the chosen employee will be recognized through employee publications and with the presentation of a trophy or plaque.

The third component of the 1988 compensation program, the Annual Incentive Plan, will continue unchanged from the past. It provides for year-end performance awards for senior-level employees recommended by the Chairman and approved by the Board.
Systems Division Unveils Business Plan

For the future, COMSAT Systems Division (CSD) will try to sell its considerable expertise in putting together complex communications networks for two major markets: civil and defense agencies of the U.S. government and overseas customers—primarily foreign governments. A third market segment to be pursued on a selective basis includes large U.S. commercial customers.

That was the message from Systems Division President Joel Alper last month when he called together all hands to unveil the division's business plan, which recently received board approval.

Alper told the gathering that by combining experience gained in satellite communications with expertise in software and systems engineering and development, the division should realistically be able to achieve rapid growth in government and international markets, while maintaining its solid position in the commercial market.

But, Alper said, meeting those goals requires overcoming two challenges: picking the right programs in which to compete and winning.

If Alper's vision becomes reality, CSD will become a leader in the integration of complex private communications and computer network systems.

The convergence of computer and telecommunications technologies and the need for someone to bring together the best in hardware and software systems to create networks that meet customer needs are the driving forces behind CSD's business opportunity.

"We will provide total life cycle design, development, installation, operation and maintenance services to government and selected commercial customers worldwide," he said. In the government arena, CSD will be looking to become a bigger player by providing systems and services for the general purpose administrative market as well as for portions of the C3 (Command, Control, Communications) market.

Central to achieving the division's goals is an aggressive marketing effort, Alper told employees. A beefed up marketing staff, headed by Vice President David Cade, will work to establish customer awareness of CSD as a total information systems integrator. They will also work to sell customers on the advantage of relying on an integrator, instead of a number of different suppliers, for putting complex networks in place.

Alper also stressed the need to protect and expand the division's customer base. He said he wants CSD to establish and maintain long-term account relationships and to work hard to understand customer needs early in the procurement cycle.

Opportunities, he said, will dictate the breadth of our service offerings. Teaming and subcontracting will be part of CSD's strategy in building business, according to Alper. Alliances with such companies as Computer Sciences Corp. and UNISYS make access easier to government and Department of Defense markets, he said.

Summing up the opportunities ahead, Alper said, "It's a large market. We'll get our share. I guarantee it."

INMARSAT membership now stands at 34 nations, with Nigeria being the newest member... The FCC granted COMSAT General Special Temporary Authority to operate the COMSTAR D-2 and D-4 satellites using the COMSAT Maneuver between March 2 and August 31, 1988... COMSAT has asked the FCC to let it participate in the procurement of a fourth satellite in INMARSAT's second generation. The FCC has already approved COMSAT's participation in procuring INMARSAT's first three new satellites... In a February test, a TAP-Air Portugal aircraft became the first commercial flight to use satellite data communications on a transatlantic flight. Throughout the Lisbon-New York flight, the aircraft maintained contact with the INMARSAT Atlantic satellite... The Senate Commerce, Science and Transportation Committee says it expects to continue in this term its investigation into international communications policy, begun last year... A March Ariane3 launch of two communications satellites—one French, one American—was successful.
Ideas
continued from pg. 1

ting a valuable suggestion may win an employee dinner, gifts, cash or other rewards.

The division's other new program gives employees a chance to meet one-on-one with their boss's boss at least twice a year. These new efforts, Alper said, will be complemented by the regular weekly and quarterly staff meetings and the performance incentive plan, which ties monetary awards to performance.

"Management needs to make sure everyone knows that we value innovation," said Alper. "But in addition to communicating that it is a priority, we need to support our words with actions. We can do that by building time into the workday for employees to think—for brainstorming sessions, reading, meeting with customers and interacting with others in the department. We can also train and allow employees to take greater ownership of their work," said Alper.

Indeed, giving employees greater freedom—to come up with ideas and move ahead with them—is at the heart of successful intrapreneuring, according to Gifford Pinchot III, whose book "Intrapreneuring" has become a bible on the subject.

To managers looking to foster innovation, Pinchot recommends what he calls "corporate slack"—the availability of corporate resources for use in ways that aren't always planned. Giving employees free time to brainstorm, dream and play with their ideas, providing discretionary funds to support a promising idea, and an ability to move people in from other assignments to assist with an idea as it takes shape.

The pursuit of small innovations over large "billion or bust" schemes will yield the highest return, Pinchot says. And, managers must accept that innovation comes from trial and error—and that mistakes must be tolerated to keep innovation alive.

To inspire intrapreneurism among employees, Pinchot says, managers should understand what drives the intrapreneur. A strong need for achievement, of being able to look at something and say 'I did it,' is typically their overriding motivation, he notes. But recognition from management is critical, for everyone who contributes, he adds.

COMSAT Represented
At Conference On Satellite Future

When the American Institute of Aeronautics and Astronautics 12th International Communication Satellite Systems Conference concluded last month, some 500 attendees from around the world had a chance to learn about the latest in satellite technology.

And when it was over, COMSAT System Division's Denis Curtin could finally have a sigh of relief. Curtin was the general chairman of this year's conference, which attracted leaders in satellite communications from 20 nations.

"Many new programs were discussed and there was much optimism expressed for the future of communications satellites," said Curtin. "It's clear that there is a growing amount of significant, high-quality communications satellite engineering taking place outside the U.S.—particularly in Canada, Europe and Japan."

In addition to the detailed matters covered in some 21 technical sessions, participants delved into the critical issues expected to confront satellite communications in the next 25 years.

Four major challenges are likely to have a major impact on future international satellite communications, according to a paper presented by Dr. Giuseppe Quaglionne of Telespazio. He cited the introduction of submarine fiber optic cables, the introduction of satellites into the planned ISDN (Integrated Services Digital Network), the need for quick response to demand for new services; and overcrowding of the geostationary arc.

INTELSAT Director General Dean Burch predicted in his comments that at the end of the next quarter-century, "we will be able to look back proudly on half a century of achievement in stimulating, sustaining and enhancing global communications."

Satellites equipped with on-board computer processing will make it easier for customers to gain access to the satellite directly from their premises, he said. They will also make it easier for users to communicate directly with each other. "This, in turn, will reduce communications costs and enhance quality by decreasing reliance on terrestrial extensions of international circuits," Burch said.

Burch predicted the advent of such new services as high-definition TV, video telephones, increasingly advanced computer-to-computer communications and mobile communications made possible via satellite.

In addition to Curtin's lead role in this year's conference, COMSAT was well represented in the technical sessions. Those moderating or presenting or contributing to papers presented in the technical sessions included: Dr. John V. Evans, Paul Schrantz, Young Lee, Thomas Dobyns, Joe Campanella, Thomas Inukai, David Jupin, Richard Lindstrom, David Meadows, William Schmidt, Ben Pontano, Harvey Chalmers, Soheil Sayegh, Russell Fang, Francois Assal, Amir Zaghoul, Robert Sorbello and Chris Mahle.
Guidelines for Dealing With People From Designated Countries

If you are planning to visit, contact or have any dealings through professional organizations with people from designated countries—those whose policies are considered by the Department of Defense to be unfriendly to U.S. interests—please note the following guidelines. The Department of Defense requires its contractors—including COMSAT—to adhere to them.

Please follow the procedures outlined below when dealing with people from:

- Afghanistan, Albania, Angola, Bulgaria, Cuba, Czechoslovakia, Ethiopia, East Germany, including the Soviet sector of Berlin, Hungary and Iran.
- Iraq, Kampuchea (formerly Cambodia), Laos, Libya, Outer Mongolia, Nicaragua, North Korea, People's Republic of China, including Tibet, Poland, Romania, South Yemen, Syria, Vietnam, Yugoslavia, the USSR, Kurile Islands and South Sakhalin (Karafuto).

**Hosting A Visit**

If you plan to host an unclassified visit by representatives or citizens of one of the above nations, you are required to report your plans to Security at least 30 days before the visit—or, if less than 30 days, as soon as the visit is known. Security will need to know:

- What COMSAT facilities will be visited;
- Name(s) of visitors;
- Whom they represent: name of firm or government agency;
- Country represented;
- Date(s) of visit;
- Purpose of visit (if possible, provide an agenda of the meetings);
- Names of all COMSAT employees expected to have contact with the visitors.

Employees who have Department of Defense clearance are urged in these meetings to be aware to the need to not provide classified information to these visitors.

**Travel To or Through Designated Countries, Attending Meetings with Designated Country Reps. Unexpected or Social Contact**

If you have Department of Defense clearance and you intend to travel to or through a designated country or if you plan to attend a professional meeting anywhere when representatives of designated countries can be expected to be present, you are required to notify Security at least five days in advance, explaining your intent. Security will provide you with a defensive security briefing, informing you of any travel advisories in effect and provide you with paperwork that must be completed within 10 days of your return.

You must complete the same form if you have unexpected or social contact with designated country representatives.

**Employees who do not have clearance are also urged to contact Security before they travel. Security can provide briefings on counter-intelligence and travel that could be of assistance. All travelers to designated countries need to be updated on provisions of the International Trade and Arms regulations, which relate to technology transfer issues.**

**Personal Relationships**

Cleared employees must report to Security immediately any personal relationship that may put him or her in contact with citizens or residents of designated countries. These include:

- A member of the immediate families of either the employee or his or her spouse takes up residence in a designated country;
- Through marriage, an employee becomes related to citizens or residents of a designated country.

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**PROMOTIONS**

**World Systems Division**
- Donna Collins, Sr. Switch Operator
- Terry Davis, Exec. Secretary
- Carol Eckert, Office Systems Analyst
- Clyde Grant, Ops. Engineer
- Lee Graves, Appl. Engineer
- Pearl Huston, Document Admin.
- Rose Javier, Exec. Staff Sec.
- Diane Little, Mgr. Ops. Plans
- Peter Malcolm, Ops. Engineer
- Ronald Maria, VP & GM Maritime
- Carol Schoenhoven, Contracts Mgr.
- Rajit Singh, Revenue Audit Spec.
- Lorraine Smith, Exec. Staff Sec.
- Joanne Tanner, Account Manager
- Corporate Staff
  - Tony Hazenwood, Computer Operator
  - Chris Leher, GM, Corporate Services
  - Annie Miller, Medical Coordinator
- **COMSAT Labs**
  - Carol Billings-Stewart, Office Coord.
  - Robert James, Dept. Manager
- **COMSAT Systems Division**

**SERVICE ANNIVERSARIES**

**WASHINGTON, D.C. AREA**

- Twenty Years
  - Alice Bullie
  - Henry Carlson
  - Martin Earl
  - Andrew Meulenberg Jr.
  - Edward Slack
  - Barbara Swaylik
  - Lee Terry
  - Nancy Thomas
  - William French
- Fifteen Years
  - Anne Windell
- Ten Years
  - Keith Blickensstaff
  - Phyllis Bock
  - Karen Chestwood
  - Roan Clark
  - Gayle Davis
  - Carrie Eckler
  - John Kinsler
  - Oliva Priest
  - Patricia Sample
  - Amit Zahidull

**OTHER LOCATIONS**

- Twenty Years
  - Lisa Oliva
  - Thomas Patterson
- Ten Years
  - Donald Islairik
  - Alfred Robischaud
- Five Years
  - Kaneko Kaneko
  - Nahar Yen
FCC Approves IBS Tariff Reduction

In its continuing effort to bring down the costs of satellite services and make them competitive with undersea fiber optic cables, COMSAT last month won approval from the FCC to offer multi-year contracts for International Business Satellite (IBS) service at discounted rates. The new rates became effective immediately.

IBS service is a digital offering which can be configured for voice, data, videoconferencing or virtually any other communications applications needed by an international business.

Under the new rates, customers using C-band service could see significant discounts, depending on the length of service for which contracts are signed. Contracts for three years of service will produce reductions of 14 percent. For five years, reductions will amount to 17 percent. A new seven-year rate is the lowest offered, allowing customers to pay $440 monthly to European, Latin American and Caribbean locations. Previously, the best IBS rate offered was $550 monthly for a five-year term.

Currently, most IBS traffic is between the U.S. and Europe. World Systems Division President Bruce Crockett said the new tariffs are aimed at encouraging greater use of IBS service and promoting its use to other parts of the world.

Satellite Briefing For Secretaries

As part of Professional Secretaries' Day, on April 27, World Systems Division secretaries will have an opportunity to attend a two-hour session—delivered via satellite—on issues affecting the status of secretaries.

Presented by the American Management Association, the program will focus on the role and image of today's secretary, gaining recognition as a professional, bridging the secretary/manager gap and meeting the challenges of automation.

Previous videoconferences for secretaries have attracted audiences of 2,000 attendees at sites throughout the country.

U.S. Ratifies INMARSAT Aeronautical Amendments

The United States has accepted amendments to the INMARSAT Agreement, which, if approved by the necessary 30 nations, will allow INMARSAT to begin offering aeronautical satellite service.

As of March 20, 21 of the 30 parties needed for ratification, had accepted the amendments.

Following the formal U.S. acceptance of the amendments, World Systems Division President Bruce Crockett said, "We welcome the State Department's action. Acceptance of INMARSAT's aeronautical amendments will enable the introduction of aeronautical satellite services in the U.S., provide air passengers with modern communications and enhance the safety of transoceanic flight."

FCC Ends Role In Traffic Distribution

The FCC will no longer play an active role in determining how much communications traffic is routed overseas via satellite and how much by undersea cable. In ending its role in facilities loading, the FCC said consumers and carriers will gain increased flexibility in the use of international facilities and will place circuit loading decisions where they "properly belong"—in the marketplace.

Until its historic agreement with AT&T, reached last October, COMSAT had opposed the FCC's withdrawal from facilities loading. But with the agreement guaranteeing that AT&T will continue to use INTELSAT satellites for much of its growth traffic over the coming seven years, COMSAT agreed that the FCC's role in distributing communications traffic was no longer crucial.

Despite its withdrawal from facilities loading, the FCC said it will continue to monitor AT&T and COMSAT to ensure a "competitive environment."

Get The Word Out

Do you need to reach COMSAT employees quickly? You may want to avail yourself of COMSAT's latest publication, "News Update." Published occasionally, the new vehicle aims to bridge the information gap between monthly newsletters. To place an item in "News Update," call ext. 1437.

Board Member Estes Dies

Elliott (Pete) Estes, who had served as a member of COMSAT's board of directors since May 1981, died March 24 after an apparent heart attack.

"We are deeply saddened by the news of Pete's death," said COMSAT Chairman Irving Goldstein. "We are fortunate to have had his wise counsel over the years. We will surely miss him."

Estes had been General Motors' 15th president and chief operating officer between 1974 and his retirement in 1981. An engineer by training, he had risen through the ranks, working in the Oldsmobile division and heading the Pontiac and Chevrolet divisions.

Estes most recently had served as chairman of the COMSAT board's Committee on Research and Development. He was scheduled to retire from the board in May.

INTELSAT BG OKs RFP For VII Launch

During its meeting in Washington, D.C. in March, the INTELSAT Board of Governors OK'd the release of a request for proposal (RFP) for acquiring launch services for the INTELSAT VII spacecraft. A contract is expected to be awarded as soon as Oct. 1. Launch of the first two INTELSAT VII spacecraft is targeted for 1992.

Four spacecraft manufacturers have submitted proposals to build the INTELSAT VII: Ford Aerospace Corporation, General Electric Technical Services Company, Hughes Aircraft Company and the MATRA Group. The spacecraft award is also expected by Oct. 1.
News Briefs

COMSAT Granted Refund Delay

The FCC will let COMSAT delay paying refunds to end-users. The Commission earlier had given the company until Feb. 29 to return a portion of its $38.8 million refund to end-users. With the postponement, the FCC also started a proceeding to determine procedures for distributing refunds.

Reuters’ Earth Station OK’d

Reuters last month became the first non-common carrier to get FCC OK to operate an earth station with INTELSAT satellites. In the past, the FCC, under provisions of the Satellite Act, has authorized only COMSAT or common carriers to operate earth stations to work with INTELSAT.

In the Reuters ruling, the FCC concluded that the Satellite Act does not preclude it from licensing private, non-common carriers to operate earth stations for use with INTELSAT.

Restrictions on the Reuters antenna, which will be used to transmit private business and news and information directly to its subscribers in Latin America and the Caribbean, prevent it from being connected with any terrestrial system or being used to provide common carrier services to the public.

MCI Signs Maritime Agreement

COMSAT Maritime Services will provide earth station and INMARSAT satellite capacity to MCI International (MCII), allowing MCII to provide telephone service to and from ships at sea. An agreement between COMSAT and MCII was signed in March.

Initially, the service will be available to MCII’s U.S. telephone subscribers. MCII’s subscribers with international dialing capability will be able to dial direct to vessels equipped with INMARSAT ship earth stations and they will be able to charge the cost of satellite calls to their MCI charge card accounts.