

## PROFILE: MICHAEL T. SENATE, DIRECTOR OF MANUFACTURING

One might call Michael Senate a jack-of-all trades. Understandably so. As director of manufacturing, Mike oversees the entire manufacturing process of the company -- purchasing, inventory, sub-contracting, scheduling outside vendors, network operations, and field service. Additionally, he is responsible for site selections for new installations and the architectural plans for those sites.

It's an understatement to say that Mike is a hard worker. The countless hours he puts in above and beyond a 40-hour work week are to his credit. Listening to him, you know how sincere is his desire to make this company an even greater success.

Mike's educational background lists the University of Maryland, College Park, the Johns Hopkins Evening School, and Towson State University, from which he graduated in 1970 with a B.S. in Mechanical Engineering. Sandwiched between colleges were 24 months of front-line fighting in Vietnam with the 3rd Marine Engineers. (He had been drafted for 10 months, then returned to the States. But with a true sense of commitment to his country, he volunteered to go back to Nam for another year.)



Upon graduation, Mike went to work in the field engineering group at Ellicott Machine Corporation. Here he tested new dredges, the most memorable being the Hydro-Quebec that was used to build the St. Lawrence Seaway. From there he went to work for Pritchard King, a Baltimore specialty truck manufacturer. As chief engineer in the trailer division, he built mobile TV studios for such notables as Mike Wallace and Mike Douglas, ABC's Color Caravan, and special trailers for the military.

Mike added to his design experience at Ward Machinery, a manufacturer of printing presses and equipment for the corrugated industry. He helped design the first computer controlled printing press for boxes, and watched the company grow from the smallest to the largest of its kind in the United States. Promoted to service manager, he traveled worldwide to set up a service and maintenance network for the company.

Prior to coming to work for Telesaver, Mike was chief engineer and purchasing agent for the five subsidiary companies of Hamilton Associates, Inc. Here he manufactured dental equipment, elevator equipment, steel parts for machinery, and qualifying machines for printed circuit boards.

Mike claims that his sole reason for deciding to leave Hamilton Associates for Telesaver was Dick Goldman. "He's such a dynamic person," Mike explains. "I was overwhelmed by the idea that he was offering me the opportunity to start my own manufacturing division." Mike started the division from the ground up beginning in June, 1982.

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"Today we have nearly \$3/4 million in inventory, from tiny parts to completed switches ready for installation. Some of these parts require a 26 to 40 week lead time, so we are constantly forecasting our needs, predicting our growth. We have to plan sometimes a year ahead!" Mike says that the last year has been "a wing and a prayer." But he's proud to report that "we're running pretty close to forecast. This month, sales have caught up with manufacturing, and we don't have switches sitting idle. Switches are being shipped out within one week of completion and final testing."

"Good planning works," Mike continues. "What we've gained in experience has really paid off, and it's getting easier all the time." He sings the praises of the 18 people that work for him in one capacity or another: "The manufacturing group, in my opinion, has some of the hardest working people that I've ever seen in any company. Our success as a company is attributable to their hard work and efforts."

#### SUCCESS STORY: PART-TIME SALES

Deanna Hirsch's career with Telesaver as a part-time sales rep began as a challenge to herself. What started as a "lark" two years ago, has mushroomed into a source of accomplishment, income -- and fun -- for this Baltimore rep. "I wanted to see if I could sell," she says. "Just for curiosity sake, I decided to give it a try." It took two months to put her over the first 18 accounts, selling mostly to friends and relatives. That was in September 1981, and since that time, Deanna has set a trend for other part-timers. She now has close to 400 accounts to her credit, 60 of which are business accounts, and collects a sizeable commission check for her efforts.

Deanna's "secret" to success has been the use of a crisscross directory and cold telephone calling. If someone is interested, she sends literature and always calls back. "Follow-up is most important," she says. In the beginning she devoted 10 to 12 hours a week to Telesaver. Now she claims that most of her sales come from referrals, or from spending an hour or so a week picking prospects from the yellow pages. We wish her continued success in her career.

New opportunities for the sale of Telesaver Universal are opening up to reps. Camden and Trenton, NJ, were added to the Philadelphia switch in mid-July, and Telesaver customers in those areas have been sent conversion notices with their new Universal code enclosed. To help the conversion process along, reps who have sold our "Sprint service" in either of those areas, should contact their customers and encourage them to begin using their new Telesaver Universal code. Local access numbers for the areas are: Camden - 338-1993; Trenton-394-5594.

The Camden local calling area includes Camden, Moorestown, Haddonfield, Gloucester, Merchantville, Haddon Heights, Riverton, Collingswood, and Beaver Brook:  
234, 235, 338, 342, 354, 365, 424, 428, 429, 456, 482, 488, 541, 546, 590, 662, 663, 665, 667, 742, 755, 757, 772, 778, 779, 786, 829, 854, 858, 866, 931, 933, 939, 962, 963, 964, 966.

The Trenton local calling area includes Trenton, Bordentown, Mercerville, and Ewing, N.J.; Morrisville and Yardley, PA:  
292, 295, 298, 392, 393, 394, 396, 493, 581, 585, 586, 587, 599, 633, 695, 736, 771, 882, 883, 888, 890, 896, 896, 984, 989

#### TRANSFORMING AN EMPTY WAREHOUSE INTO AN OFFICE/MANUFACTURING FACILITY

The heating and air conditioning ducts are being installed. Workmen are busy putting in dropped ceiling, tiled floors, carpeting, and upholstered office partitions. What was once an empty 10,000 square foot warehouse is being turned into a workable, livable, attractive office and manufacturing facility. The building, located on New Plant Road just three-tenths of a mile from headquarters, will house our new VAX computer, the programming staff, research and development, network operations, and manufacturing. The man behind all this activity is none other than Mike Senate, acting as general contractor, interior designer, electrician, heating/air conditioning specialist, and scheduler. Mike's architectural plans indicate that 5400 sq. ft. of space will be for office use; 4600 sq. ft. will be used for manufacturing. Completion date for this project is mid-August.





Telesaver drew crowds of people at the Columbia Birthday Celebration.

## NEW POLICY FACILITATES SALE OF TELESAYER

Two recommendations to facilitate the sale of Telesaver service were made by the sales and marketing department and approved. Credit cards (Master Charge or Visa) or purchase orders can now be accepted for a new commercial account in lieu of the initial cash payment for set-up and the first month's service. An exception is being made also for enrolling new residential customers at fairs, trade shows, malls, and other special events where the exchange of money may be inconvenient or restricted. The account can be handled in one of two ways: the application can be completed on-the-spot and the customer given a return envelope to send in the payment; or, as with commercial accounts, a credit card is acceptable in lieu of payment.

## VISITORS TO COLUMBIA FAIR "MADE THE CONNECTION" WITH TELESAYER

Telesaver made quite an impact at Columbia, Maryland's, 16th birthday celebration. Of an estimated 35,000 visitors attending the Fair, we were able to personally meet and speak to more than one thousand people who expressed an interest in our service. Many who had never heard of Telesaver before were delighted to know about another alternative to their rising long-distance telephone costs. It was a wonderful feeling to look out upon the crowds and see Telesaver helium balloons tied to the arm of just about every child there! Our message - "Let's Connect" - was spread all over the fairgrounds.

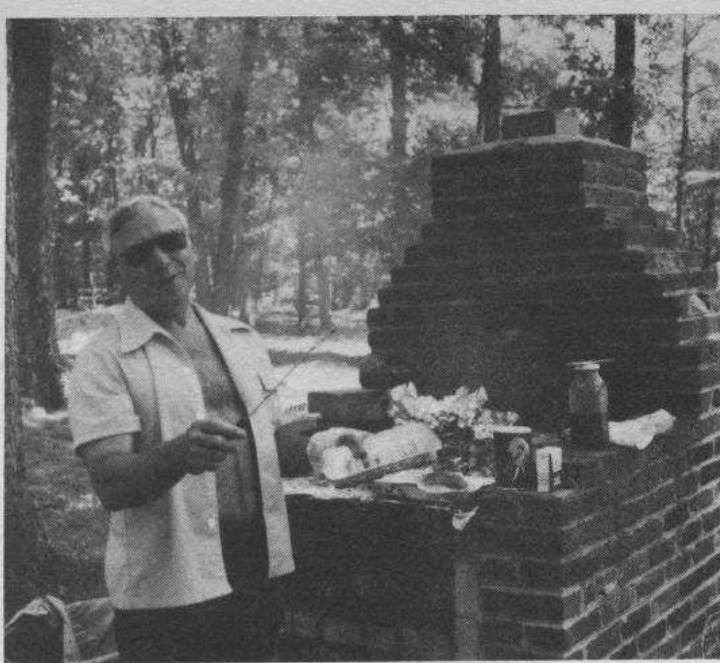
To date, we have 46 new residential accounts and 6 new business accounts as a direct result of the Fair. Because of the interest and enthusiasm expressed by many potential customers, we strongly feel that many more customers would have enrolled had they been able to use credit cards in lieu of cash or check. (A new policy regarding use of credit cards has been instituted. See next article.) Coded applications are still coming in, so a final count cannot be done. All in all, however, we feel the exposure we received and the goodwill we spread can't be measured in terms of dollars and cents.

## UNDERSTANDING YOUR CUSTOMER'S TELEPHONE SYSTEM MAKES THE SALE EASIER

Key Telephone Systems - A telephone system in which the telephones have multiple buttons permitting the user to select outgoing or incoming central office phone lines. A key system is characterized by the fact it is not necessary to "dial 9" to obtain a central office line.

PBX - Private Branch Exchange. A private phone system allowing communication within a business and the outside world. In the past, a PBX was a manual phone system in which calls were made by an operator inserting plugs into jacks. Modern PBXs are automated and called PABXs (Private Automated Branch Exchanges). A PBX differs from a key system in one primary respect -- namely that to make an outgoing call on a PBX an end user must dial 9. On a key system, a user can typically access an outside line by simply pushing a button on his phone and getting a dial tone.

Hybrid System - Term used to describe a system which has attributes of both Key Telephone Systems and PBXs. Usually means that incoming lines appear as key system lines and outgoing dialing is similar to a PBX -- namely that one has to dial "9" to make an outside call.



"How 'bout another piece of chicken?," asks Roland Slatkoff, chairman of the company picnic.

Friendship, family, food and fun were the order of the day on Sunday, June 26, 1983 - Telesaver's first all-day company picnic. Credit goes to Roland Slatkoff (Mfg.), entertainment committee chairman, Claire Ashby-Rice (Clerical), Theresa Simpson (Network Operations), Vince Weal (Mfg.), and Larry Woolfson (Purchasing). The guests enjoyed tennis, volleyball, swimming, baseball, and horseback riding - not to mention the wonderful barbequed chicken and other assorted delicacies. One of the highlights of the day was the melodic sound of Sahara, a live band, with lead singer Margaret Heiderman, who juggles our Telesaver switchboard when she's not singing. The group entertained for a couple of hours while guests sang along, danced, or simply sat and enjoyed the music. Occasions like this bring an ever-growing staff together, and maintain the close "family feeling" we strive to keep. We look forward to making this event an annual affair!

#### AN UPDATE ON TELESAVER'S UNIVERSAL CITIES

Universal service is currently available in the following cities. We are no longer marketing Telesaver-A or Home Telesaver in these areas.

Annapolis, MD	Hackensack, NJ
Baltimore, MD	Rochester, NY
Washington, DC	White Plains, NY
Philadelphia, PA	Scarsdale, NY
Conshohocken, PA	San Francisco, CA
Hazleton, PA	San Jose, CA
Scranton, PA	San Rafael, CA
Wilkes-Barre, PA	Sacramento, CA
Camden, NJ	Oakland, CA
Trenton, NJ	

Installation of the Telcro II switch is projected for New York City (9/10/83) and for Richmond, VA (10/1/83).

#### WELCOME!

The Telesaver roster of full-time employees continues to grow. We welcome Natalie Szmidt, sales analyst, to the sales and marketing department; Judy Hurren, billing supervisor; Aris Pantazonis, network operations; Mary Heiderman, codes department; and Brian Tenberg, programmer. Congratulations to Gary Colton, recently promoted to a full-time position in collections. We're pleased to have Deborah Gaither handling customer service calls in the evenings.

Diligence is the mother of good luck.

--Benjamin Franklin

#### LONG DISTANCE RATES: A COMPARISON

Long distance telephone rates			
For a weekday, 10 minute, direct-dial call from Baltimore to Bethesda			
Company	10 a.m.	6 p.m.	Midnight
C&P	\$2.97	\$1.91	\$1.17
MCI	\$2.70	\$1.39	\$1.08
Telesaver	2.26	1.06	.80
Western Union	2.80	1.70	1.30

This chart, published in The Sunday Sun (Baltimore, July 24, 1983) shows rates for a weekday, 10-minute, direct-dial call from Baltimore to Bethesda, MD. It was accompanied by the following statement: "Prices for C&P's competition do not include their monthly fees, charged in addition to the price of local service. SP Communications, which provides the 'Sprint' service, and ITT said that while their customers may be able to place calls from Baltimore to Bethesda, they do not actively market intrastate service and that therefore they could not quote rates. All prices are as given by the companies." Telesaver's still a BEST BUY!



## KNOW THE COMPETITION!

Allnet (Combined Network, Inc.) competes with Telesaver Universal in Philadelphia, New York, Sacramento, Oakland, Baltimore, and Washington. Two unique features of the service are its two rate time periods (8am-5pm and 5pm-8am) and its six-second billing increments. Allnet charges its business customer a \$25 set-up fee and offers two options: a \$50 monthly minimum with no service charge, or a \$10 service charge with no minimum requirements. It offers no volume discounts, which gives Telesaver the competitive edge when selling to a business that bills in excess of \$350. Its accounting code feature is limited to a two-digit code. Residential customers pay a \$7.50 set-up charge and a monthly service fee of \$5.

Allnet's primary network is limited to about 117 U.S. cities. Off-net rates are approximately 20% higher than on-net rates during the day, and as much as 52% higher than on-net rates in the after 5pm period. Since Telesaver does not differentiate between on-net and off-net cities, and since our Universal rates are much less than Allnet's off-net rates, a customer with a mix of cities would benefit from our service.

Telesaver's rates are significantly less than Allnet's for toll calls made over short distances - distances of less than 124 miles. Customers calling from Baltimore to Washington, for example, will save as much as 60% over Allnet.

Allnet's Travel Access is billed at .36 per minute, plus mileage costs from the home switch to the city called. The .36 surcharge covers the cost of the WATS connection to the home switch. Telesaver has the competitive edge here too, because its customers pay a nominal \$2 or \$5 monthly fee and can use the service when traveling without an additional per-minute surcharge.

## FOR YOUR INFORMATION

\*\*\* The Oakland, California, access number will be changed in mid-August to 839-0865. The calling area accessible to the switch remains the same.

\*\*\* During July and August, new Telcro IIs are being added to existing switches in White Plains, NY, San Francisco, CA, Wilkes-Barre, PA, and Hackensack, NJ. These areas now have expanded capacity for incoming and outgoing calls.

## CHANGES ANNOUNCED FOR RESIDENTIAL CUSTOMERS IN NON-UNIVERSAL AREAS

Many of our residential customers in "non-Universal" areas of the country have already received new authorization codes in the mail. An explanatory letter accompanies the code and describes two new changes in their service. These customers can still use Telesaver 24 hours a day on weekends and major national holidays, but are limited to 22-hour service Monday through Friday. The service is restricted between 9am-11am weekdays. Also, daytime rates for this customer group has changed, providing savings of 5% to 30% from 8am-5pm. Evening, night, and weekend rates remain the same. These changes reflect the terms in a renegotiated contract with our supplier, GTE-Sprint.

## GOLDMAN SPEAKS ON PARTNERSHIP APPROACH TO RESALE OPERATION

Telesaver President Richard Goldman was a key speaker at the "Conference on Telephone Resale and Multi-Tenant PBX Opportunities." This executive-level conference, held June 23-24 in Arlington, VA, and sponsored by Telestrategies, Inc., presented new insight, knowledge, and contacts for success in the exciting resale industry. Dick spoke on the partnership approach to establishing a resale operation, basing his talk on his own experience in forming partnerships in Hazleton, PA, White Plains, NY, and Manhattan.

## INDUSTRY NEWS

The FCC recently held a special meeting to reconsider some of the most controversial aspects of its Access Charge Plan, to go into effect post-January 1, 1984. The outcome of that meeting is favorable to Telesaver and other resellers. As a reseller, we are exempt from the so-called "Carrier Common Line Charges" on switched access services, which will be .03 per minute for OCCs and .04 per minute for AT&T.

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If you aren't going all the way, why go at all?

-Joe Namath

## WILL LOCAL TELEPHONE SERVICE BE AFFORDABLE?

The historic breakup of AT&T and its subsidiaries on January 1, 1984, will clearly lead to higher local telephone rates. Proposals in June by Chesapeake and Potomac Telephone Company for a \$218 million rate increase, and by Southwestern Bell Telephone Company for a \$1.7 billion increase, still need approval from their state Public Service Commissions. But the Bell companies insist they need the increases to compensate for "revolutionary changes" that will take place when they are split off from AT&T next year. In addition to those rate requests, Bell companies will begin charging a new access fee, charged on top of regular service calls, which will be at least \$2 a month for residential customers and \$4 a month for businesses. To avoid basic telephone service from being out-of-reach for low-income people and those in rural areas where it costs more to provide phone service, several ideas to help subsidize local rates have been proposed in Congress.

Essentially, these legislative proposals from the House and Senate recommend using "long distance rates to subsidize rural and residential service and maintain the status quo." The House bill "repeals the FCC access charge decision, requires privately owned and operated telephone systems that bypass the local telephone company to contribute to the local telephone company's costs, requires state commissions to establish 'lifeline' rates for low-income residential customers, and establishes a universal service fund for companies whose costs exceed the national average."

Caution is urged on passage of the congressional bills by members of the House Energy and Commerce unit, who believe that the proposals are "at best premature, and at worst destructive to a growing, competitive industry that is at the cutting edge of technology and can provide efficient and inexpensive service to most Americans."

The issues are extremely complex and solutions will not be immediate. We will continue to keep you informed in The Exchange.

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