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Optical Illusions: Lucent and the Crash of Telecom

Lisa Endlich
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Lisa Endlich : Optical Illusions: Lucent and the Crash of Telecom before purchasing it in order to gage whether or not it would be worth my time, and all praised Optical Illusions: Lucent and the Crash of Telecom:

4 of 4 people found the following review helpful. Excellent Conventional Wisdom Summary, But What About the Road Not Taken?By Barton W. StuckExcellent summary of the conventional business wisdom of Lucent, its genesis, its management, its boom and its bust. What is missing is the road not taken: why did Lucent choose to follow Cisco in making numerous acquisitions, when it had virtually no experience in successfully doing so? why did Lucent choose to break itself up to "achieve shareholder value" when IBM chose to stay in one piece to offer its customers one stop system solutions (and which has been more successful)? why didn't Lucent leverage its research activities at Bell Labs

to leapfrog competitors? GE cites the time it spends developing managers as critical to its ongoing success: what does Lucent do in this regard? what about strategic planning activities at Lucent: how did they mesh with business unit actions and overall creation of shareholder value through rising profits (voice switching systems, network access equipment, optical transport, wireless, software, semiconductors, business premises phone systems, consumer phone systems (Carly Fiorina creating Philips JV), packet switches or routers, and on and on? what alternatives were explored to doing equipment leasing to undercapitalized startup carriers (maybe third parties might even do this?)?2 of 2 people found the following review helpful. Edifying ReadBy Bruce D. MillerI completely enjoyed this book. The factual accounting was wonderful and the book was an easy read.We had some dealings with Lucent back when I was the founder of a telecommunication equipment startup and it was interesting to see the street view of the inner workings of the company.The book goes through the history of Lucent from its spinout of ATT through present day. The lessons associated with the management mis-steps are the most interesting part of the book. They made some fatal mistakes from the standpoint of technology investments (or not) and clearly jumped into the CLEC craze. They clearly made bad decisions about extending financee to customers that were not credit worthy; a general issue of the times. The WinStar story is particularly interesting.The view of acquistions is very interesting. Very few panned out and the back of the envelope is that something like ten to twenty billion dollars of cash/equity went out the door to fund the acquisition ferver. The acquisition of Chromatis cost about $4.5B and they shut them down after 10 months. hmmmmm....There are some terrific management lessons to be learned by reading this book. Much cheaper than owning the stock during the decline. :-)0 of 0 people found the following review helpful. A Business Book worth reading for the writingBy ramOne of the few business books I have read in the last 20 years where the author understood editing (maybe even had an editor). The books lays out the story of ATT's attempt to jettison the product businesses that had burdened the bottom line dating back to the 1983 Divesture.It is worth reading this book in tandem with books about Enron and the 2008 financial collapse. Greed and corruption rewarded by corporate boards more interested in rapid returns and not innovation, employees, or happy customers.Many of Lucent's management members will resurface in debacles like HP.Even for non business book readers, I recommend this book to enjoy a good tale and Endlich's writing.

When Lucent Technologies was spun off from ATT in 1996, the new company was full of promise. An old-line manufacturer, it quickly became a sizzling hot stock thanks to the emergence of the Internet and the build-up of telecommunications. The stock market was soaring, and Lucent flew with it. Within a few short years it became the sixth-largest corporation in America and the most widely held stock in the country. Yet only months later, Lucent was gasping for life, victim of the greatest stock-market bubble in history. Optical Illusions is the story of a financially sound company steeped in world-class talent, dominant in one of the fastest-growing industries, that in the space of two years found itself downgraded to a junk-bond credit rating, under investigation by the SEC for its accounting practices, the value of its stock reduced to the price of a cup of coffee. Lisa Endlich tells the fascinating tale of the company that epitomized the misfortunes of the telecom industry, leaving investors and employees shocked and confused. In writing this book Endlich had access to more than a hundred people who played a role in the drama, as well as previously sealed courtroom documents. She explains how the conflicting styles of CEOs Henry Schacht and Rich McGinn contributed to Lucent's woes, and she shows how the loss of skilled executives such as Carly Fiorina hurt the company at a crucial moment. When it was all over, Schacht -- Lucent's first CEO, who was later brought back to right the listing ship -- acknowledged that Lucent had allowed itself to be swept up in the market mania, distorting its corporate values in the process. Although the stock-market mania of the late 1990s is remembered as "the Internet craze" or "the dot-com madness," as Optical Illusions shows, the damage was more widespread and lasting. In fighting for its survival, Lucent laid off more than 70 percent of its employees, wrecking retirees' savings and investors' portfolios alike.