

AT RCN, TURNAROUND IS FAIR PLAY

Telecom boss saves firm
with leadership, 'gumption'



Barbara L. Salisbury / The Washington Times

Peter Aquino, president and CEO of RCN Corp.

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When RCN Corp. took on too much debt to build too much network capacity and went bankrupt back in 2005, telecom veteran Peter D. Aquino was called in.

He moved the struggling cable company from Princeton, N.J., to Herndon to tap the Washington area's pool of high-tech talent, broadened its base of residential customers to include corporate clients, and secured a key regulatory ruling that opened up a lucrative revenue stream.

Later, as consumers demanded cheaper and more efficient service from television, Internet and phone providers, Mr. Aquino pushed RCN to

become a "triple play" provider and offer all three to its customers.

That leadership helped earn Mr. Aquino a "Stevie Award" last month as "Telecom Executive of the Year," while RCN's continued development of its portfolio of services earned it recognition as "Best Turnaround Company of the Year."

The plaudits came from the American Business Awards, a private Fairfax group that brings together executives from various industries to review the business plans of their peers and recognize excellence where they find it.

Mr. Aquino, 48, takes no credit for the awards, preferring to praise his employees and board members instead. He believes a small company like RCN succeeds when it transcends

the bureaucratic mind-set of big competitors like Verizon and Comcast and encourages managers to adopt an entrepreneurial approach to the job.

"I give them the territory they need," Mr. Aquino said. "I believe in a kind of General Electric model, where each market or manager carries his own weight. That way I can call Tom in Chicago and say, 'What's going on?' So we've got it from soup to nuts. That's the secret sauce for us."

In the corner office of his company's Herndon headquarters, Mr. Aquino sits tieless in a striped shirt with cufflinks. Richard Ramlall and Michael Houghton, who worked with Mr. Aquino in his first job out of college and now serve as senior vice president and press adviser, sit nearby. The three throw comments back and

forth, at ease and confident in their longtime working relationship.

Their conversation quickly turns to RCN markets in the District, Chicago and Philadelphia. RCN serves 429,000 subscribers in five of the top 10 telecommunications markets in the United States. Mr. Aquino steps to the board confidently, slides a pen from his pocket, and illustrates how an upstart like RCN Corp. began making inroads in a place like New York City.

Mr. Aquino and his team have increased sales from \$500 million to nearly \$800 million since he joined RCN four years ago.

He said RCN has weathered the recent financial storm well, though its stock has fallen far from its 52-week high of \$14.14 and was trading at just under \$6 last week. Mr. Aquino relishes the challenge of reclaiming the company's market valuation; he plans to continue buying back shares of a company he deems "undervalued."

Mr. Aquino started his career at Bell Atlantic, a first step he said was pivotal.

"Bell Atlantic was a great place to start a career," he said. "We all did it. Bell lets you train in so many different areas of the company, management, operations, and try it all out."

After moving on from the Baby Bell, Mr. Aquino became chief operating officer of Veninotel in Venezuela. He said competition for customers in the United States is fierce, but it's nothing compared to what he saw in South America.

"Imagine your competitors cutting your phone cables, rolling them up and putting them on your doorstep on fire," he said. "Improving a network is difficult when it's like that."

But his sojourn south brought valuable lessons.

"You've got to have a good local partner," Mr. Aquino said. "In a foreign country, you have no real protection. You have to be savvy. Americans

TIPS FROM THE TOP

Peter Aquino, who has worked in the telecommunications industry for 26 years, has identified three qualities he believes are essential for leaders and managers:

Delegate.

"Because you can do more if you have strong talent. It's the 'cloning yourself' theory."

Trust but verify.

"Ultimately, when small companies are fighting big companies you can only have a sustainable advantage if you execute well. You can't afford to not execute well."

Be fair and balanced.

"I like to think I'm fair. I'm not a yeller, screamer, that kind of thing. The highs are pretty controlled and the lows are equally controlled. I don't get overly crazy coming or going. Sure, you like to celebrate when you win, and you like to learn from your mistakes. But being controlled is very important."

working in other countries don't have any power. There's better rules in the United States."

Helping make the rules has been a priority for Mr. Aquino, who will readily admit that working with regulators is essential for anyone who wants to be successful in telecommunications.

"For a small company like ours, it's absolutely essential," he said. "For a small company, a critical change in regulation can make you obsolete."

Mr. Ramlall said RCN's success in securing of a waiver to offer digital service without set-top converter boxes pushed the company past competitors for residential business. The Federal Communications Commission granted the waiver in 2007 and has extended it so RCN can offer cheaper HD access to consumers.

"If we hadn't had the gumption to ask," Mr. Ramlall said, "we wouldn't have got it."

Friends say Mr. Aquino possesses an unusual combination of skills.

"He has a unique mix of strategic thinking and operational excellence," said Paul Singh, president and chief executive of Primus Telecommunications Group in nearby McLean. Mr. Singh, who has known Mr. Aquino for seven years, asked him to join the Primus board of directors this month.

"He's very hands on. He can zero in to see the strengths of a company," Mr. Singh said. "If he tells you something, you can count on it."

Mr. Aquino, who counts his wife, Michele, and three children among the other competitors for his time, just joined United Way's national board of trustees, where he hopes to use his business sense to make the charity's fundraising more efficient.

"Some of these nonprofits don't run exactly like a business," he said. "People have great ideas, but if they're not managed well, it's hard to get the message across. So you cut costs where you can."

Since RCN emerged from bankruptcy, the company has made efforts to diversify its customer base. Corporate accounts now comprise about 30 percent of its business, and Mr. Aquino expects that to rise to 50 percent as he and Mr. Ramlall expand RCN's reach and sell its reliability in a market crowded with big players.

"It's career-building for me to be operating amongst and competing with all these big companies," he said. "CEOs see value in moving value to shareholders. That's very fulfilling for me."

"And if you go to those offices out there," Mr. Aquino said, nodding at the cubicles through his office window, "they're winning their own awards."

