Sitting nervously in the public health clinic that Friday before Labor Day in 1986, awaiting word on his AIDS test, Pacific Bell repairman Dave Goodenough already half knew what he would be told: he had AIDS. He’d suspected as much for seven months, ever since he first noticed the markings on his chest. His doctor dismissed them as bruises picked up at work, but when the purplish markings started showing up all over his body, Goodenough sought another opinion. It had taken the second doctor only moments to identify the symptoms as “KS” - Kaposi’s sarcoma, a type of cancer frequently associated with AIDS—and the test results confirmed that diagnosis.

Suspicions of AIDS are one thing, certainty something very different. “I was wiped out,” Goodenough recalls. As he began to sort out the implications of the news, one question kept recurring: Would he—could he—go back to work?

Goodenough had been with Pacific for a decade, and working meant a lot to him. He liked what he did and liked the crew he worked with; he appreciated the fact that he didn’t have to hide his homosexuality. Back in Ohio, Goodenough had been sacked from a probation officer’s job when word leaked out he was gay. But San Francisco was different. And even though the phone company had a reputation as a bastion of mid-America, operating with a rule book as thick as a phone directory by the late 1970s, Pacific had just begun leaning how to cope with the reality that a sizable number of its employees were gay.

To Goodenough, confirmation of AIDS only reinforced how important it was to him to stay on the job. “If I left the job,” he recalls thinking, “it would be like putting a limit on the amount of time I have to live.” His friend, Tim O’Hara, a long-time Communication Workers of America steward and a spokesman for gay concerns in the union, encouraged Goodenough not to quit—and to tell company officials that he had AIDS.

Initially, Goodenough resisted this last bit of advice. “I won’t let anybody know,” he insisted. But a few days later he changed his mind. “I can’t hold something like this inside,” he decided. “It’d be like being in the closet all over again.”

On Goodenough’s behalf, O’Hara went to Chuck Woodman, supervisor of the 750 people in Operations who keep the phone system in San Francisco up and running. Woodman’s response was, “We’ll do everything we need to do to keep Dave working,” and he called Goodenough’s immediate superior to enlist his support. Later that week, Goodenough phoned Woodman to thank him. “You could hear in his tone of voice how much Chuck cared,” Goodenough remembers. “What he said kept me going. He told me, ‘You’ve always got a job here.”

Chuck Woodman hadn’t always been so concerned about people with AIDS. To his subordinates, Woodman had a reputation as a tough guy, a self-described redneck whose heroes included John Wayne and George Patton. A devout Mormon, father of 8, and grandfather of 20, Woodman’s attitude about AIDS began to change in 1985 when he was transferred to San Francisco. He remembers how he was affected by a funeral for a worker who had died of AIDS.

“As I listened to that minister talking about how angry it made him that people with AIDS were shunned, I began to feel some of that anger,” Woodman says. “The whole moral question of homosexuality got put aside.”

To learn more, Woodman turned to Tim O’Hara, whom he knew and liked. With O’Hara’s assistance, Woodman got a thorough education on AIDS. Information brought understanding, and understanding gradually eased the fear. After that first funeral, Woodman started asking questions. “What can we do for the people with AIDS on the job?” he wondered.

“They need to keep working,” O’Hara answered. “It gives them a reason to stay alive.”

Woodman began talking with supervisors and visiting workers with AIDS when they were too sick to work. Out of those talks with Woodman and Michael Eriksen, the company’s director of preventative medicine and health education, came Pacific’s first steps toward dealing with AIDS in the work-place: an AIDS Education Task Force, with company nurses and volunteering union members trained by the San Francisco AIDS Foundation giving presentations in offices and company garages all around the city. Woodman’s bosses in the Pacific hierarchy were pleased with his AIDS initiatives. But peers who knew him from his earlier days were stunned. “I got maybe half a dozen calls from guys around the state. ‘What are you doing, Woodman,’ they’d say, ‘do you love those gay guys?’”
told them, ‘Until you’ve walked in these tracks, you can’t understand. You start buying in when it’s someone you know.’ And here’s something. Each of those guys called me back Later to say, “I’ve got someone with AIDS. Now what do I do?”

Chuck Woodman talks about AIDS as a managerial challenge, the toughest in his nearly 40 years at Pacific. “When I look at where I was and where I am now, AIDS has had a bigger impact on my thinking about people than anything I’ve come up against.”

...This comment about the impact of AIDS is no hyperbole; that isn’t Woodman’s style. And Woodman’s remark applies not just to himself, not even just to Pacific, but to business generally. Just as AIDS has already changed American society, it will reshape American corporations.

That is not the conventional wisdom. To most managers, AIDS is a medical and social epidemic of still-unknown dimensions - the federal Centers for Disease Control conservatively estimate that 1.5 million Americans now carry the AIDS virus and that by 1991 every county in the United States will have at Least one AIDS case. Much less common is a managerial awareness that American business must reckon with AIDS. Managers in general regard AIDS as a problem not for workers but for homosexuals and drug users and their promiscuous sexual partners, as a disease that attacks people outside the office and factory walls.

Such denial, however understandable, doesn’t fit the facts. Among 273 companies responding to a 1987 American Society for Personnel Administration survey, one-third acknowledged having workers with AIDS. This was more than triple the percentage reported two years earlier and a figure that will steadily grow, if only because of AIDS’s long incubation period (it can take seven years or more for symptoms to develop). Furthermore, those numbers represent only the most direct impact of AIDS, and this is not necessarily its most important dimension to the corporation.

AIDS molds behavior in many ways. In the worst, usually hushed-up incidents, employees afraid of AIDS-carrying coworkers have walked off the job. More common are dances of avoidance—workers refusing to share tools or even sit in the cafeteria with a stricken coworker. And then there is a very different reaction—grief at the loss of a friend and colleague. In a society where, for many, the workplace isn’t merely the source of a paycheck but also a source of community, where fellow workers are also friends, there is simply no way for business to wall out AIDS.

How does a company respond to something as alien as AIDS? The best answer, as Pacific learned, is to recognize AIDS as a legitimate part of the corporate environment and to tailor a response that is of a piece with all that the company stands for and is doing. Pacific’s reaction to AIDS was affected by the fact that the utility is headquartered in San Francisco—with its large gay community—and that telecommunications is a highly regulated industry. Nevertheless, the remarkable turnaround of this unlikely innovator tells an instructive tale for every major U.S. Corporation.

...Three years after AIDS was first identified, in 1984, Pacific’s preventative medicine and health education director, Michael Eriksen, began hearing stories about Pacific employees worried about getting AIDS on the job. There was the coin collector who refused to touch the phone booths in the predominantly gay Castro district of San Francisco. One Los Angeles crew balked at installing phones in the offices of the L.A. AIDS Foundation, and another San Francisco crew insisted on being issued head-to-toe covering before installing phones in General Hospital’s AIDS ward. And there was the lineman who refused to use the truck of a fellow employee, rumored to have died of AIDS, until it was sterilized. As the number of crisis phone calls mounted, Eriksen resolved to determine the dimensions of Pacific’s AIDS problem, to conscript other activists in shaping a plan—and to act Later, one colleague recalled, “Eriksen became our AIDS guru.” Bearded, mid-thirties, casual, fresh out of a Johns Hopkins Ph.D. program, Eriksen had been hired several years earlier to move the company toward a “wellness” approach. Already he had developed an in-house program to help employees quit smoking and to enable women to spot the first signs of breast cancer. Eriksen brought an activist’s impatience to Pacific. In a company where going by the book is the instinctive response of lifetime employees, he equated going through corporate channels with death by memo.

Eriksen’s work on AIDS began with the facts. He reviewed the company’s 1984 death certificates and turned up 20 employees who had died of the disease. This meant that, after cancer, AIDS was the most frequent cause of death among active Pacific employees. Pacific officials, who hadn’t considered AIDS a workplace issue, were startled; but the data made sense, since the nearly 70,000 employees and 250,000 people in Pacific’s larger “family” were concentrated in San Francisco and Los Angeles, two cities with a high incidence of AIDS cases.

Moreover, Eriksen knew that the figure of 20 was decidedly conservative since it excluded workers who had gone on the permanent disability rolls before dying and cases where the doctor had not specified AIDS on the death certificate as the cause of death. In the general population, the number of AIDS cases was doubling every year; this meant Pacific was seeing just the beginning of the epidemic. Add those deaths among the company’s work force to the stories of Pacific workers’ fears about encountering AIDS while serving customers, and something had to be done. But what, and by whom?

If AIDS had been a garden-variety disease, tracing the path of corporate response would be easy. Policy would have been designed by the company’s human resources division with the medical director, Ralph Alexander, having the final say. But because AIDS was new and frightening, it demanded the kind of cross-the-boundaries effort that is hard for a company to marshal on any issue, let alone on a subject so loaded with bias, contention, and misinformation.
The corporate medical group needed to sift prevailing medical wisdom—but that was just the start. The human resources division, drawing on corporate-safety and labor-relations experts, had to determine how AIDS would be treated in the workplace—whether prospective employees would be screened for the virus, whether workers with AIDS could continue on the job—and what benefits to offer people with AIDS. Potentially every manager in the company needed help in handling workplace fears, and not just in San Francisco and in Los Angeles. Phone operators in California’s decidedly unswinging Central Valley had no personal fears about contracting AIDS, but expressed real concern for their children. And because the AIDS issue was so hot, whatever the company did was potentially news—that made the corporate communications division a player as well.

Urged on by Michael Eriksen, the lawyers and medics and corporate-safety staffers determined that workers with AIDS would be treated like anyone with a life-threatening illness. The culture of the phone company, with its strong emphasis on two-way commitment and loyalty, kept Pacific from seriously considering the option of revoking the medical coverage of employees with AIDS—a policy that some companies followed. Jim Henderson, the company’s executive director of human resources policy and services, says bluntly, “People with AIDS are sick. We don’t fire sick people.”

This policy was not only humane but also affordable, a vital consideration for any business. Reviewing the company’s 20 AIDS-related deaths, Michael Eriksen estimated that the lifetime cost of medical treatment for an AIDS patient ran about $30,000, about the same as costs for treating other life-threatening illness such as cancer. To Pacific, whose escalating health costs were subject to review by California’s Public Utilities Commission, that news was reassuring.

In practice, AIDS forced the company to make much-needed reforms that went beyond this one disease. For example, Pacific was already searching for ways to reduce reliance on hospitalization. The company sought less expensive alternatives, and its sick workers considered less impersonal ones. Both preferred new options, like at-home or hospice care, which offered more personal settings and attention at reduced costs. These quickly became part of corporate health coverage. Pacific’s capacity for individual case management also needed strengthening so it could better determine—on a case-by-case basis—which regimen of care made best sense. Moreover, since many drugs used to treat AIDS patients were most readily available by mail, the company extended its health plan to cover mail-order drugs.

None of these innovations applied to AIDS alone. Indeed, business organizations like the Washington Business Group on Health have preached for years that case management is the best way for a company to tame the costs of catastrophic diseases. But AIDS treatment demonstrated the efficacy of the approach. One Southeastern public utility relying heavily on hospitalization for AIDS patients, reported that its first eight AIDS cases cost the company $1 million—almost four times Pacific’s per-patient cost. At Pacific, AIDS was a catalyst for reshaping many employee health benefits. The resulting package offered better treatment at markedly lower costs.

Pacific was drawing from its own tradition in defining benefits for employees with AIDS. But in dealing with workers’ fears about being exposed to AIDS through casual contact, Pacific had to determine entirely new responses.

The accounts that Eriksen and Jean Taylor, director of employee counseling had collected—installers shunning customers, workers avoiding AIDS-stricken associates—hinted at a dangerous level of anxiety in the field. And those employees misgivings minoreded feelings in the society. In 1984, when AIDS fears had first begun to surface at Pacific, far less was known about the disease than today, and uncertainty left ample room for fearfulness and misinformation.

Managers had to wrestle with difficult questions. How would Pacific allay its employees’ worries and thereby ensure that an AIDS incident didn’t escalate into a fiasco? How could it protect the confidentiality of disclosures about AIDS while attending to the concerns of employees with the disease? What changes were needed to Pacific’s detailed rule book to help managers deal with the special needs of employees with AIDS?

The way Pacific handled the 1985 case of the phone installer who refused an assignment in San Francisco’s Castro district suggests the delicacy of the issue and the need for new and nonpunitive approaches—educational approaches—to win over frightened workers. When the balked phone installer was suspended, he went to Shop Steward Tim O’Hara, But instead of lodging a grievance, O’Hara struck a deal. The workers would return to the job and a joint union-management AIDS education program would begin immediately at the site. The idea was feasible because Pacific and its union had developed an unusually cooperative and nonadversarial relationship during the last contract talks.

O’Hara’s evenhanded approach respected the workers’ fears and met the needs of the company’s customers. Meanwhile, the shop steward put together a list of 30 volunteering workers, whose lifestyles ran the gamut from the most traditional heterosexual middle American to the openly gay. If other workers were ever unwilling to make an installation where there was an AIDS victim, this squad was ready to handle the job. Here again, preparation and education worked: no supervisor has ever had to turn to O’Hara’s list.

But despite early agreement on nondiscrimination as the broad company policy, corporate AIDS education at Pacific did not advance beyond crisis intervention. Yes, several hundred employees did show up in April 1985 at the company’s headquarters downtown for a question-and-answer session with Michael Eriksen and a San Francisco AIDS Foundation representative. But that was a one-time occasion. For all the other employees—the San Francisco work
crews who wouldn’t dream of coming all the way downtown; the 7,200 back-room personnel working in “San Remote,” a Pentagon-like fortress 35 miles outside the city in suburban San Ramon; the employees in Los Angeles and throughout California and Nevada—there was essentially no AIDS education.

Within Pacific’s medical department, there was disagreement about the adequacy of the company’s approach thus far. The dispute reflected deep differences in perspective between the classic medical approach and the newer views of wellness specialists.

For longtime medical director Ralph Alexander—a consistently conservative official who believed that, as an M.D., he should have the last say—what Pacific was doing sufficed. In discussions with other divisions, Alexander regularly stressed the need to keep a sense of proportion when responding to AIDS, which he viewed as a relatively minor health concern for the company. “There’s danger of offending a hell of a lot of people,” said Alexander. It was better, he argued, for the company to devote more attention to heart disease and cancer, far bigger killers and diseases that wouldn’t “raise eyebrows.”

Wellness specialist Michael Eriksen saw matters differently. AIDS, he believed, deserved special attention because it was new and unnerving. He began to hook up with other like-minded colleagues, most of them mid-level managers involved in communications both inside and outside the company. These middle-level policy entrepreneurs believed that acting decisively on AIDS was the right thing to do; moreover, such a stance would benefit the company. It was these middle managers who took the lead in shaping Pacific’s response to AIDS, exercising leadership from below.

One opening salvo was an article on AIDS that slipped into Pacific’s newspaper, Update, moving the issue higher on the corporate agenda. In early 1985, Eriksen had suggested to Update editor Diane Olberg that she run an AIDS story; coincidentally, the organizers of the company’s blood drive made the same request. They were troubled by reports of workers refusing to donate blood for fear that they could get AIDS—reports that showed the workers’ generally low level of knowledge about the disease. Higher-ups would balk at the idea of an article on AIDS, Olberg knew, insisting that this was really just a San Francisco issue. But sensing the importance of the topic, Olberg went ahead on her own.

That first article focused entirely on the facts about AIDS in the workplace, avoiding the sensitive matter of company policy. It appeared on July 22, 1985—the same day Rock Hudson went public with the fact that he had AIDS—and demand for that issue of Update was unprecedented. The newspaper had to run reprints. To corporate tea-leaf readers, the coverage said that AIDS was something Pacific cared about; the strong employee response showed that AIDS was something employees cared about, and that paved the way for other AIDS-related stories. This reaction and the increasing demand for AIDS education sessions in the field sent another message up the corporate ladder: informing those who were healthy but worried might be as important to Pacific as ministering to those with the disease.

On March 20, 1986, the conference room at Levi Strauss’s downtown San Francisco headquarters was packed. Over 230 managers from 100 companies were there for the first-ever conference on “AIDS in the Workplace.” The demand so exceeded the organizers’ expectations that 100 would-be participants had to be turned away. Reporters from leading daily newspapers were in the audience and TV crews from as far away as France recorded the event.

It came as no surprise to California executives that Levi Strauss had a big part in organizing this conference. The company had a long history of social activism, and CEO Bob Haas had personally acquired a reputation for dealing forthrightly with AIDS. Back in 1982, when several Levi employees told him that they were nervous about distributing AIDS information leaflets on company property, Haas had responded by stationing himself in the headquarters lobby, handing out leaflets to passersby.

But sharing the spotlight with Levi Strauss was Pacific—and this was surprising, for here was a company that usually made itself invisible on provocative topics. The corporation’s name was prominent among the conference sponsors because the Pacific Telesis Foundation (established by Pacific’s parents) had underwritten—and in conjunction with the San Francisco AIDS Foundation, Pacific’s corporate TV group had produced—the first AIDS video aimed at U.S. business.

First screened at a breakfast session attended by 20 CEOs and then shown at the conference, “An Epidemic of Fear” pulled no punches: in telling detail it presented the panic, the medical evidence, the emotional tugs. Present on camera was Todd Shuttlesworth, who had been fired from his job by Broward County, Florida when he was diagnosed with AIDS. Shuttlesworth’s case served to remind managers how expensive a wrongheaded AIDS policy could be to a business; after his dismissal Shuttlesworth had taken his employer to court and secured a six-figure settlement.

Outsiders weren’t the only ones surprised at Pacific’s prominent visibility. Some high-ranking Pacific officials were amazed and decidedly uncomfortable about this unusual corporate position. It was appropriate for the company to treat its AIDS-stricken workers decently, they agreed. But to link AIDS with the corporation in the public mind was entirely different: that would associate Pacific with gays, drugs, and contagion, potentially driving away prospective employees, conceivably scaring creditors and customers who depended on the company’s stability. There was every reason for the company to avoid sticking its neck out, said the advocates of a low corporate profile.

But Pacific did stick its neck out with AIDS-related decisions—decisions that in part reflected the company’s determination to change its corporate culture to fit its new competitive realities. Gradually but steadily, Pacific went beyond the nondiscrimination policies that suited the old character of the company to real leadership that helped define the company Pacific was becoming.
Pacific Telesis Group is a holding company for Pacific Bell, the regional phone company that accounts for over 90 percent of the entire business's revenue and PacTel Corporation, which manages the company's diversified businesses. When it was launched after the 1984 AT&T breakup, many viewed Pacific as the weakest of the Baby Bells. “Of all the Bell regional holding companies, Pacific Telephone holds the most risk for investors,” declared the New York Times. “The company’s record of poor earnings and its long-running feud with the California Public Utilities Commission make it a risky investment at best.”

Like other AT&T offspring, Pacific had to learn how to respond to the discipline of the marketplace. And in California, the company found itself in the nation’s most hotly contested, fiercely competitive telecommunications markets. Other Bell companies, including Nynex and Southwestern Bell, as well as a host of new entrants, were all clamoring for a piece of the action, advertising heavily to an urbanized population with a reputation for buying whatever is new.

To respond to these changed conditions, Pacific had to meet three challenges: to be financially successful where smart investors were betting against Pacific’s likely financial performance; to create an innovative and forward-looking organization, where tradition dictated that long-standing employees had to mold themselves until they gradually developed “Bell-shaped heads”; and to adopt corporate positions responsive to new constituencies that were socially conscious, where the company had always been seen as socially and politically backward. Together these challenges called on Pacific to redefine itself. It was under these conditions that AIDS became a measure of the company’s transformation—and a vehicle for it. And it did so at a time when the company’s efforts at change consistently misfired, reminding managers just how difficult large-scale change really is.

In its enthusiasm to demonstrate its newfound competitive hustle, for example, Pacific launched aggressive marketing campaigns. But what came to light were dubious sales tactics, like selling unneeded phone services to non-English-speaking customers who didn’t understand what they were buying. Morale suffered among employees who didn’t expect the phone company to behave like a used car dealership.

Pacific’s effort at organizational transformation also ran into problems. To become more innovative, top management realized, the company would need to shake up its rigidly hierarchical structure, a steep pyramid with 14 precisely delineated levels. The problem was, how to change?

Looking for direction, Pacific contracted with an outside consultant for $40 million worth of leadership-development and personal-growth training. The system was called Kroning, after Charles Erone, the consultant who developed the training material. It backfired. Instead of opening up communication it sharpened divisions between the “in” group, who claimed to fathom Kroning, and everyone else in the company. Instead of easing relations with the Public Utilities Commission, the controversial corporate expenditure triggered a “cease and desist” recommendation from the Commission’s advocacy arm. Instead of improving Pacific’s public image, the fiasco yielded a harvest of journalistic ridicule.

A big part of becoming competitive was learning about the state’s shifting political environment—and that meant becoming more socially conscious. Historically, Pacific’s idea of responsiveness was to join all the Rotary Clubs in California. While that approach might have worked in the 1950s, in the 1980s California’s shifting coalitions of interest groups—blacks, Hispanics, consumer-oriented organizations—increasingly wielded political power. Pacific had long treated these groups as if they were the enemy. Now, however, these same groups were major purchasers of telecommunications services, and they had the ear of the most aggressive state Public Utilities Commission in the country. For the phone company to prosper on its own, it somehow had to co-opt these groups—to reach a mutually workable level of understanding and accommodation.

Steve Coulter, Pacific’s director of consumer affairs, had the job of handling these troubling concerns. Coulter was a former Nevada legislator in his mid-thirties, a man who had made a political career out of enlisting constituencies to his cause. His collegial style and political savvy enabled him to get away with being a corporate guerrilla warrior. “A ‘no’ from above isn’t necessarily the end of things,” Coulter explains. “I’d ask ‘Where’s the block?’ Then I’d go look for allies.”

Working under Jim Moberg, then the vice president for corporate communications, Coulter had been devising company approaches to such new issues as minority procurement and multilingual services. Coulter was also involved in negotiations over minority hiring and procurement with the NAACP and HACER, a consortium of some of California’s major Hispanic groups organized by Pacific. To Coulter, a visible Pacific presence on AIDS was appropriate it was politically astute, operationally important, and morally right In collaboration with Michael Eriksen and other allies, Coulter became a leading advocate for an AIDS policy inside Pacific.
The politics were particularly interesting. Pacific had long been in open warfare with San Francisco’s affluent and influential gay community, and the company badly needed to mend its fences. In the early 1970s, Jim Henderson, now executive director of human resources policy and services, had helped draft the company’s policy on homosexuals. Back then, Henderson recalls, “Some managers were afraid that gay activists would show up to work wearing dresses.” In 1973, those fears prompted Pacific to adopt a policy against employing “manifest homosexuals.” In practice, this rule meant that anyone who publicly acknowledged his or her homosexuality couldn’t get a job with the phone company.

Although Pacific formally revoked its “manifest homosexuals” policy in 1976, it wasn’t until 1986 that the then-defunct policy’s earlier existence came to light. By then, Pacific had tangled with the City of San Francisco, refusing to subscribe to a city ordinance barring discrimination against homosexuals. In 1979, the company lost an employee-discrimination lawsuit in the California Supreme Court, which ruled that the state’s human rights law prohibited public utilities from refusing to hire gays. Shortly before a trial for damages was scheduled to begin, Pacific lawyers produced a previously undisclosed 1973 job application that confirmed the company’s former anti-homosexual policy. In December 1986, the company negotiated a $3 million settlement, the biggest ever in a gay discrimination case.

All this recent history—the disclosures of shoddy business practices, the troubles with Kroning, the acknowledged need to reach out to outsiders, the mishandling of the gay community—was artfully deployed by those within Pacific who pushed to make AIDS a visible corporate concern.

Eriksen provided the substantive information on AIDS, Coulter spoke mostly of politics and positioning. What Pacific needed, he argued to his bosses, was a winner, an issue on which the company could do well by doing good. AIDS could be the issue. Confronted with considerable internal opposition, it took all of Coulter’s political experience and lots of help from others to carry the day.

In March 1985, at a meeting of San Francisco’s Business Leadership Task Force, Levi Strauss CEO Bob Haas raised the AIDS issue for the CEOs to discuss. The group’s agenda already covered items like the role of the elderly worker and health-care cost containment. It was time, Haas said, to put AIDS on the list. Everyone else in the room, top officers from Wells Fargo, Chevron, Bank of America, and McKesson—and Pacific—said nothing, as if they could make something very embarrassing go away by being quiet.

Yet despite the CEOs’ initial unease, AIDS did not disappear from the agenda. Haas continued to push the matter. So did Leslie Luttgens, organizer of the Leadership Task Force, who served on the boards of several important local foundations and blue-chip corporations, including Pacific. A one-time president of the United Way, Luttgens combined a strong commitment to social causes with a persuasive but diplomatic style. She had learned about AIDS as an overseer of the University of California-San Francisco Medical School; now she was convinced that trouble in the workplace was inevitable if businesses continued to deny the scary reality of the disease. After Hans made his proposal to the CEO group, Luttgens spent the next few months talking up the need to promote AIDS education, imparting a sense of urgency that kept the issue alive.

Making the rounds about this time was a request from the San Francisco AIDS Foundation asking for corporate financial support for an AIDS education video. Pacific Telesis Foundation officials expressed considerable interest in funding the video; the in-house filmmakers added their enthusiasm for actually producing it. But at the top of corporate communications, Jim Moberg was unpersuaded. For advice, Moberg turned to Pacific’s medical director, Ralph Alexander—and what he heard was conservative medical and corporate policy. According to Alexander, corporate financial support for an AIDS education video was historically no friend of Pacific’s and the congress member most knowledgeable about AIDS.

Steve Coulter, like Mike Eriksen, equated caution with timidity. An AIDS video was clearly needed by businesses. Moreover, as Coulter argued in a memo to Alexander, getting the phone company publicly involved in AIDS education might just bolster its position in the pending gay discrimination lawsuit. Such a stance might provide some sorely needed good publicity. It was responsive to the AIDS-related concerns of other stakeholder groups including the NAACP, which, as Coulter pointed out, identified AIDS as a top national health priority. It could also improve relations with California’s Congressman Henry Waxman, a powerhouse in telecommunications policy who was historically no friend of Pacific’s and the congress member most knowledgeable about AIDS.

As a savvy corporate politician, Coulter knew that he could not realistically expect Moberg to reverse his decision against the video project. The idea had to be repackaged, and that meant reviving the notion of Leadership Task Force involvement. Perhaps if the AIDS video proposal appeared in a different guise from a different sponsor, the answer would be different. Working with Michael Eriksen and the AIDS Foundation, Coulter sharpened the video proposal, waiting for another chance to bring up the matter with Moberg.

The occasion came on the eve of a December 1985 meeting of the Leadership Task Force. Coulter had been designated to sit in for Moberg as Pacific’s representative at the session. On the table was a plan put forth by Leslie Luttgens for an “AIDS in the Workplace” conference. Hoping that he could now deliver Pacific’s support for the AIDS video, Conker phoned Moberg in New York, where Pacific had just signed a statement of mutual cooperation with the NAACP. Coulter’s pitch to his boss noted the internal support for the AIDS video—from Luttgens, corporate TV, and the Foundation—as well as the endorsement of enterprises like Bank of America, Chevron, and Levi Strauss. “I need to be able to say, ‘We have $25,000 on the table,’” Coulter argued.
Jim Moberg, euphoric after his successful NAACP negotiation, gave his cautious go-ahead—"as long as we don’t seek publicity and don’t stand alone." Leslie Lutrgens’s quiet advocacy had reassured him that AIDS activism was not a far-out idea; after all, here was a Pacific board member offering encouragement and a degree of protection if things misfired.

Then Moberg took up the matter with his fellow VPs, who had questions of their own. “Anytime you do something different from what’s normal in the business community,” Moberg says, “questions will be raised: ‘Why only us?’” Some of these officers wondered aloud whether AIDS wasn’t just a passing phenomenon, but Moberg set them straight. “In the end, they accepted the proposal on faith... it was enough that someone they trusted advocated it.”

Now AIDS had become something “owned” by corporate Pacific—not just by some of its more enterprising staffers.

With that corporate approval, Coulter’s group went to work. In less than three months, they prepared the video and an inch thick managers’ workbook on AIDS and organized and publicized the conference. The reaction to the March 1986 gathering was more enthusiastic than even Steve Coulter could have hoped for. Pacific, a company that lately had seen little but media brickbats, was now getting raves; a company known for its habit of avoiding social issues had gone out front, to considerable applause. The thank-you letters and the press clips circulated inside the company. At the next meeting of the Pacific board, Leslie Luttgens made a point of noting that the AIDS video that Pacific had produced was being aired nationally on PBS, as well as in France and Japan.

There was one internal casualty of the struggle to promote AIDS education: Michael Eriksen was abruptly fired by Ralph Alexander immediately after the AIDS conference. “I no longer have any need for you,” the medical director had told Eriksen. There had been continuing disagreements between the two men. For his part, Alexander says, “Some programs he was supposed to run didn’t work out”

The loss of Eriksen was deeply troubling to his colleagues, who had relied on his expertise. But his loss at this point was sustainable. There was product and momentum. With the video in hand and the AIDS Education Task Force functioning, the internal education efforts began to pick up. Success led to success. Responding to a request from the union that Pacific require AIDS education, Operations Vice President Lee Cox sent a letter to all supervisors, not insisting but recommending that they show the video as part of an AIDS education session.

Producing the video pushed Pacific into the public arena on AIDS. What came next was even further removed from corporate tradition and even more dangerous: taking a public position on a statewide AIDS ballot proposition.

An organization led by political extremist Lyndon LaRouche, whose motto, “Spread panic, not AIDS,” became the rallying cry for a cause, had garnered enough signatures to force a statewide vote on a measure—Proposition 64—that, if passed by the electorate in the November 1986 election, would turn panic into law. The implications of the badly drafted measure were that thousands of workers who had AIDS could be fired, hundreds of students who carried the virus could be removed from school and college; moreover, people with AIDS could be quarantined. It appealed to people’s emotions and played on their fears—yet had the simple allure of seeming to offer voters their chance to do something to protect themselves from the dread AIDS virus.

Most of California’s chief public figures—politicians, church leaders, educators—opposed the measure. Steve Coulter wanted Pacific to add its voice to the opposition. Yet the huge number of signatures—it took nearly half a million to qualify the measure for the ballot—testified to the proposition’s popular appeal. And some of the state’s leading political conservatives voiced their strong support for the measure.

Like most companies, Pacific seldom took a stand on any ballot measure that did not directly affect its business. This political principle gave the company an easy and clear dividing line and protected it from needlessly making enemies over extraneous issues. Instead, Pacific preferred to exert its political influence through quieter relationships between lobbyists and lawmakers in the state capital. On the ballot measure, Pacific’s lobbyists in Sacramento adamantly urged the company to remain mute.

For months, the debate over Proposition 64 continued inside Pacific. The conservatives from government relations and human resources insisted that opposing the measure would only earn Pacific powerful political enemies. The corporate communications activists countered that silence would put Pacific in league with those who proposed quarantining AIDS carriers and would also offend key external stakeholders, who might then “find additional avenues to criticize the company.”

The stalemate was finally broken at the officers’ level. Art Latno and Gary McBee, the two top external-affairs officials, determined that the company would publicly urge the defeat of Proposition 64. McBee, who had come to know the human cost of AIDS when a member of his staff died from the disease, became a strong voice for talking on LaRouche. “Given our internal position on AIDS,” he says, “it would have been unconscionable for us not to oppose Prop. 64.” The officers authorized a $5,000 corporate contribution to the campaign, the biggest single donation from any California business.

The stance was different—a decided shift from business as usual. Yet it reflected a fact of life about the shifting relationship between business and politics. In California—and increasingly across the country—voters are deciding more and more significant policy questions, rather than leaving matters to the
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audiences. Pacific Telesis Foundation proceeded with its plans to underwrite a dubbed-into-English version.

In 1988, Pacific and the Foundation received a presidential citation for their AIDS initiative. And there was

more recognition: the Wall Street Journal Newsweek, and Business Week lauded the company as enlightened; Sam

Puckett and Alan Emery’s book, Managing AIDS in the Workplace, called it a “role model for the rest of the

nation” (along with other companies, including Dayton- Hudson, Bank of America, Digital Equipment Corporation,

and Westinghouse). AIDS policy had become a winner inside Pacific. And more begat more, with new corporate

enthusiasts for AIDS education emerging. “People love favorable recognition,” points out Terry Mulready, Moberg’s

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life of its own.

On a sunny Wednesday afternoon in July 1988, 11 Pacific employees with the AIDS virus gather in the

medical department’s conference room for their weekly support group session. Three-piece suits sit amicably alongside

flannel shirts. Janice Dragotta, a counselor who spends about a quarter of her company time on AIDS, encourages

group members to check in.

As the talk moves around the table, members share information on drug treatments, describe their medical

condition, offer advice, complain about a benefits nurse “who went to Auschwitz U,” dish up tales of life in the gay

bars, commiserate with those who tell how exhausted the preceding Sunday’s group-sponsored picnic left them. There

is an edgy humor, gallows humor, in the talk. One man, off to visit his parents in Ohio, imagines the local headlines if

he were to die—Gay Comes Home To Die—and his mother’s reaction: “How can you do this to us—again?” The

employees also talk about the strength they draw from the group, about how it helps to have a place to discuss

questions that arise on the job, conflicts with colleagues, and guilt about not being able to work as hard as they once

could.

Until recently, no one at Pacific would have imagined such a group on company premises and on company
time. “When I first proposed it in 1985, there were no takers,” says Dragotta. Employees with AIDS were afraid to
come forward. “At the time I started doing AIDS education,” counselor Taylor recalls, “an embarrassed official
buttonholed me and said, ‘Do anything you want, Jean, just don’t talk about condoms.’” Now everything related to

AIDS is open to discussion. Union Steward Tim O’Hara, relying on a poll detailing workers’ interests, is pushing the
idea of a corporate-produced video on the correct use of condoms. The concern that some employees might be offended
by frank talk about sex is receding.

In organizing discussions of safe sexual practices or running AIDS support groups, Pacific, like any
company, has to walk a fine line. AIDS is still encased in moral debate, but discussions of private morality have no
place in the business setting. What is relevant are sound business practices and sensible personal precautions. The
AIDS support group is both a humane gesture and an appropriate business move. Taylor says, ‘We started seeing
people with the AIDS virus, and those who were well but worried, going out on disability. These groups are a way to
help people stay productive, a way for people to begin processing their own grief.”

New evidence of Pacific’s support for AIDS education is clear not only in these groups but also throughout
the organization. At the second annual AIDS Walk, a citywide fund-raising event in July 1988, over 400 Pacific
employees sporting company T-shirts walked together under the company’s banner. Elsewhere in the company, AIDS-
related causes have become almost as familiar and non-controversial as the United Way. At Pacific Telesis Foundation, the staff has made AIDS causes a top priority for charitable giving.

Still, there remain important and unresolved AIDS issues on Pacific’s agenda. AIDS education is not a part of an overall corporate wide strategy. Whether employees ever see the AIDS video or get to talk through their concerns about AIDS depends entirely on whether a supervisor volunteers to organize such a session. This bottom-up approach means that, where such education is least needed—in San Francisco and Los Angeles, two cities where public knowledge about the disease is high—it is most likely to be provided. But elsewhere in California, in the fortress at San Ramon and the outposts beyond, where a majority of phone company workers are employed, many managers still treat AIDS as someone else’s problem.

Those supervisors who phoned their colleague Chuck Woodman, asking how to handle an AIDS case on their work force, may still regard it as just a once-in-a-career concern; and their workers are still unwilling to talk openly about AIDS. “Whenever I get an AIDS call from Fresno,” says counselor Jean Taylor at San Francisco headquarters, “it’s always like Deep Throat, and it’s always, ‘Someone I know was wondering...’”

For Pacific, an AIDS education effort pitched to the varying concerns of its employees is not only enlightened practice. It is sound business, Pacific may be among the companies with the most AIDS cases in the country As those numbers continue to mount—and they will—the work force problem will become more critical. Already, Chuck Woodman has some 25 workers with AIDS, requiring regular shuffling of his 750-person roster. According to company sources, a 1987 estimate prepared by medical director Ralph Alexander—but never made public—indicated that as few as 200 and as many as 2,000 employees might be infected with the AIDS virus.

There is little that the company can do for those employees with AIDS that it isn’t already doing—treating them just as it would treat anyone with a life-threatening illness but it can do more to slow the spread of the disease. If Pacific can strengthen and expand the scope of its in-house AIDS education, intelligently implementing a program that will reach a quarter-of-a-million lives, then this unlikely corporate pioneer will continue to enlighten others coming to terms with AIDS.

Across the country the corporate time clock of AIDS policy has run quickly if unevenly, with wide variations in responses reported. According to the 1987 American Society for Personnel Administration survey, some companies persist in punishing workers with AIDS, firing them or limiting their health benefits. A majority of companies offer no AIDS education and have no contingency plans for handling employees refusing to work with an AIDS victim. Barely one business in ten has a written AIDS policy. As discouraging as these data are, they probably exaggerate the degree of corporate responsiveness, since companies that deny the corporate reality of AIDS are unlikely to answer such a survey.

On the other side of the ledger, since the landmark 1986 Bay Area “AIDS in the Workplace” conference, there have been dozens of similar conferences across the country. In February 1988, 30 prominent corporations—among them, IBM, Warner-Lambert, Time Inc., Chemical Bank, Johnson & Johnson—endorsed an AIDS “bill of rights,” ensuring that employees with AIDS would receive evenhanded treatment.

For the CEOs in Knoxville or Kansas City still wondering whether their companies should deal with AIDS, the answer should be plain: there is little choice. Nor can handling AIDS be just the province of corporate doctors or human resources specialists. Everyone has a stake in this boundary-crossing issue—that’s one of the things that makes AIDS both so hard to manage and so important.

There is considerable help available to business. The groundbreaking experience at Pacific is instructive, AIDS educational materials are now widely marketed, and groups like the Red Cross and local AIDS organizations can assist. But to confront AIDS intelligently means having a new look at a wide range of business practices. It means rethinking a company’s approach to medical benefits. Those issues Pacific found readily manageable several years ago have become tougher now because recent scientific advances have reshaped the equation. Medication like the antiviral drug AZT is now prolonging the productive lives of workers, but at a cost—one insurance company estimates that AIDS-related illnesses will make up between 2% and 5% of all group-health claims by 1991.

Devising an AIDS policy also means reexamining the company’s approach to wellness education, its concern for prevention, and its willingness to talk about once-forbidden subjects like sex. It means rethinking relations between employer and employee, rethinking relations among units within the company, rethinking the boundaries between the company and the public domain.

The outcome of that reanalysis will likely reach far beyond AIDS education to produce a telling portrait of the corporation. For American business, as for Americans generally, AIDS is something like a mirror that, unwillingly and unexpectedly, we have come upon. The meaning of Chuck Woodman’s, and Pacific’s, odyssey is this: in our reactions to AIDS, something of significance about ourselves and about the character of our enterprises is revealed.