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## Life at Work

Amy Joyce



### **Mergers Can Mean Attitude Adjustment**

Combining Cultures Poses a Challenge

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Sunday, February 27, 2005; Page F06

Changing jobs and moving houses are often cited as our major sources of stress. So how do employees handle mergers? Well, their jobs will probably change. They may lose their jobs. And they are probably moving, if not physically, then at least figuratively.

Hello, stress.

As major corporations recently announced their merger intents -- Verizon Communications Inc. and MCI Inc., SBC Communications Inc. and AT&T Corp., Procter & Gamble Co. and Gillette Co. -- thousands of employees, no doubt, worried about their positions or what may happen to them after the company they know so well melds into another.

"I'm certainly going to [send] my résumé out," said one MCI employee who didn't want his name used, afraid he would be fired. "I guess morale won't be as high."

And if previous instances tell the tale, he's right. Morale generally isn't high right before or after a merger. Although companies have probably figured out the financial aspects to a merger, they don't think about the potential culture clash of two organizations.

How the merger might affect the people working within the companies is something too few organizations consider. And ignoring the people side can hurt the merger attempt, said Gary J. Bierc, president and chief executive of the Kingson Group Ltd., a risk management consulting company in Pasadena. "Often they don't think through the risk beyond the initial implications," he said.

Look at SBC and AT&T. The companies are completely different. There is SBC, a former Baby Bell, buying AT&T, "the old parent," he said. "Can you imagine the

cultural risks there? What if the top five sales people from AT&T come into SBC and they're pooh-poohed? They'll take their ball and go somewhere else." And that, he said, will affect the bottom line.

If companies don't put time into workforce integration, they have only a 30 to 60 percent success rate, according to industry studies. If companies pay close attention to these issues, the success rate of business performance increases to nearly 90 percent, those studies show.

"Companies do a really good job with the financial due diligence," said Penny McBain, managing consultant with the Tysons Corner office of DBM, a career transition and human resources consulting firm. But on the human side, "they drop the ball."

She likens mergers to plate tectonics. In other words, mergers are two companies colliding with each other. And one typically subsumes the other.

It doesn't always turn out the way people think it will.

When America Online Inc. merged with Time Warner Inc. in 2001, AOL said it wanted to inject its "Internet DNA" into its old-media partner. But when AOL stumbled and Time Warner's stodgier magazines and movies prospered, AOL instead had to adapt its own culture.

The Sprint and Nextel merger could create another tough clash, said Clay Parcels, regional managing partner with Right Management Consultants. The two companies have totally different cultures. Nextel is a culture of hyper growth. It's a young, new technology firm with a "let's-get-it-done type of attitude," Parcels said. Meanwhile, he said, Sprint is more conservative and almost militaristic in terms of how it manages people and culture.

"Most mergers fail and don't demonstrate shareholder value because companies do a miserable job on the human capital side," Parcels said.

Walter Lynch started to work for BDM, a small defense contractor, in 1979. He loved his job, the people he worked with and especially the culture. It was a small firm, so his ideas were heard. Then, in 1997, TRW, the big defense contractor, bought BDM. That's when things really changed. "It was a lot less personal, a much bigger company," he said. "The view of the company was just trying to make sure Wall Street was happy."

That feeling was only enhanced when Northrop Grumman Corp. bought TRW in 2002. In October 2003, Lynch moved on to Booz Allen Hamilton Inc. as a consultant. He is much happier, he said, as it feels like his type of place.

"Going to work, to me, is more about your relationships with the people you're working with and the people working for you and the customers," Lynch said.

Although Lynch stuck it out for a while after the mergers, he knew it was best if he moved on.

"You're not going to fit in every organization. And [with] the new culture, whether that is one subsuming the other or a combo of the two, you have to be willing to move forward," McBain said.

People go into mergers expecting change. They know things will change. They expect their everyday job will be different. But the longer a company waits to make that change after a merger, the harder it will actually be to effect change, said Heather Bradley, founder of workplace consulting company the Flourishing Company LLC and a former vice president of human resources who became an expert at mergers.

"It's not possible to go through a merger and not have an organization change in some way. There's a new boss, new culture, new policies, new reporting structure," Bradley said. "There's only one question that any employee wants to know: What does this mean to me?"

When a company Bradley worked for was being acquired, the new company said it would let workers know within 30 days what would happen to them. "It was not good news for a lot of people," Bradley said. "But it needed to be done. It really set the tone for what you could trust from this unknown entity. People weren't waiting around for the other shoe to drop."

The MCI employee who spoke on condition of anonymity said employees received an impersonal memo from management about the Verizon merger. The letter came out after all the employees knew what was happening. And it was a short memo that essentially said the change will be good for the company. This, he said, was disappointing, but not unusual.

Workers are "probably the most minimized of the acquisition process," said Curt Coffman, an employee consultant with the Gallup Organization. Employees "get virtually no help in terms of new direction or vision. An employee really wants to have a vision they feel compelled toward. And when they don't have that, they are kind of stalled."

"Employees are asking not what's going to happen to the company, they are asking, 'What's going to happen to me?' " Coffman said.

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