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# Many mergers ignore human element

**Industry studies point to high failure rate when companies ignore worker integration**

**BY AMY JOYCE    Washington Post**

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 might 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 could happen to them after their company melds into another.

"I'm certainly going to (send) my resume 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."

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, Calif.

"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 work force integration, they have only a 30 percent 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, Va., 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. 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 Parcells, regional managing partner with Right Management Consultants.

The two companies have 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," Parcells 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," Parcells said.

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