

Aol and time warner merging

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The most popular and biggest merging of companies is done by Time Warner and AOL in 2000. They have undergone several processes before they were able to merge as one company. Mergers provide many benefits for the consumer as well as the company, but there are still obstacles along the way. Base on Forbes report in 2001, approximately 66 percent of mergers are unsuccessful. However, AOL and Time Warner are hoping that they will not be in the 66 percent of unsuccessful merging.

What Happened to AOL and Time Warner Human Resource Merging? Julian Kaufmann the leader of the HR team of AOL Time Warner conduct several e-commerce training program as part of its strategic move. The training program is part of an aggressive HR strategy to help build the bottom line at AOL Time Warner. The operating officer of AOL Timer Warner said that , “ I think HR—or what we call ‘ people management ‘ – will play a critical role,”. The same sentiments were also done by the chief executive officer Gerald Levin.

“ At the end of the day, our ability to succeed depends entirely upon the people who are driving our business-whether they have the creativity, capacity to innovative and ability to execute, and whether they can do these things collaboratively” stated by Gerald. The Human Resource make necessary study and outline to fuel the company’s drive to expand it’s market. The experts believe that having survived more than a year of layoffs, acquisitions and major internal adjustments, the company now will be able to sharpen its focus on HR strategies to chart its future course.

To achieve this, the company's HR executives minimized their conventional functions as administrators and payroll experts in favor of more proactive roles as coaches and profit consultants. Fewer than one-half of those unions have survived, however, so HR executives at AOL Time Warner feel it's up to them to troubleshoot for the front-line managers who are drumming up new business and keeping the ship afloat.

According to Mark Stavish, executive vice president for HR, business is being put together -- that before you do staffing, training or anything else, For one year the merging has become successfull. In Feb, 13, 2002 a board meeting was conducted to tackle several problems. But this meeting resulted in the split up of AOL and Time Warner. Some of the officials blame the split up and non improvement of sales to the strategy used by the Human Resource. Some other believed that the strategy will be only proven effective after several years.

Some of the shareholders had withdrawn their stocks because of the alarming result. How Did Human Resource Influenced the Stock Decline AOL Time Warner faces problems when their purchasers from October 18, 2000 and January 10, 2001 of the publicly traded securities and the people who purchased, converted, exchanged or otherwise acquired the securities of AOL Time Warner between January 11, 2001 and April 24, 2002 accused them of violating the Securities Exchange Act of 1934.

(bankrupt. com). The complaint of the purchasers is under the Section 10 B which prohibits fraud, manipulation, or insider trading, and judicial precedents decided under subsection b and rules promulgated thereunder

that prohibit fraud, manipulation, or insider trading, shall apply to security-based swap agreement (as defined in section 206B of the Gramm-Leach-Bliley Act) to the same extent as they apply to securities. (sec. gov).

The purchaser of the company accused the AOL Time Warner because they issue a series of materially false and misleading statement relating to the nature of AOL Time Warner's business operations, which caused AOL Time Warner's stock price to become artificially inflated. The company was asked to take a substantial write down of the value of its goodwill. But they did not do so, thereby inflating its financial results. The complaint further alleges that the following factors, among others, required that AOL Time Warner write down billions of dollars of its goodwill earlier than it did:(classlaw. com).

(1) a material decline in the advertising market: the Company was experiencing a dramatic decline in demand for advertising, which had typically represented 20% of the Company's revenues. The decrease in advertising revenues had been escalating since the fourth quarter of 2000; (2) in the months prior to the consummation of the merger, America Online, Inc. executives were advised that it faced the risk of losing more than \$140 million in ad revenue the following year; and (3) the merger was not creating any synergies: the merger between America Online and Time Warner was not being effectively integrated and the Company lacked an effective plan to integrate the two companies.

Prior to the disclosure of the true facts about the Company, insiders, including several of the individual defendants, sold their personal holdings of AOL Time Warner common stock to the unsuspecting public. In total, these

sales generated more than \$250 million in illicit proceeds. Because of the complaint from several personnel in the company, the company resulted in a lost of stock and several complaints from its purchasers and other personnel in the company.

The personnel has influenced their stock badly that it resulted from several misunderstanding from the company's leaders. Reaction of the company to solve their stock decline Parsons who is one of the leader in AOL Time Warner planned to sells the rights of the AOL. But who will buy a losing company. Parsons may have thought this because it affects the performance of the Time Warner. True to some predictions of business analyst this may not be a good idea. AOL could have improved its services online.

Googlewhich is the newest service provider has presented several new features.

AOL could have done the same strategy in order to survive. Now they are offering several free services in order to survive. This may be a good move but it may be too late. If the company was able to anticipate this incident, they might have prevented the loss of their stock. Time Warner is the principal company of AOL, however the Time Warner was not able to support AOL. Instead they have thought of selling the company. If only Time Warner could help AOL thru media promotion, it might have a greater chance in surviving the industry.

They have kept the real figure of AOL sales resulting in the accusation of their purchasers of fraudulent and manipulation. If only they have shown the real figures then maybe some company may have the interest to buy AOL.

But now it seems too late for the Time Warner to decide in selling it's right. The best way is to help the AOL in order to survive the merged company. Conclusions Time Warner is one of the biggest media company comprising the print and the tv adds. The merging of AOL and Time Warner is a historical event, splitting of the said merge would mean a lost to one of the company.

The strategy of a company is important to improve its sales. However in this case, Time Warner should have support AOL on its needs of improvement. Merging of two companies means supporting each other in every decision it make. Time Warner should give AOL another chance, the new strategy of AOL might work in favor of the company.

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