

Think **KTWICE!**

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Sold to IBM: A Tale of 2 Companies

WELCOME TO IBM: A RATIONAL SOFTWARE PERSPECTIVE

Welcome to IBM" is what I remember the kind looking retired gentleman saying as he led the seminar we all attended after IBM purchased Rational Software. With the enthusiasm this gentleman had you would have thought he was there to tell us we won the lottery and to hand us our first check. We had many questions for him. Some of us were apprehensive because we had heard about employee concerns from the integration of Lotus into IBM. How was IBM going to make sure that the "work hard, play hard" culture of Rational stayed intact?

Others had questions about how their benefits were going to change. If IBM was such a large company, why do we have to pay more for health and dental insurance? How was IBM going to merge Rational pay grades to IBM pay grades? Why were those of us over 5 years of Rational service losing vacation time?

I remember him telling us not to worry. That IBM is a great company. That IBM cares for its employees and is a leader in benefits and working conditions. We were told that paying more for health care and losing vacation time was a small price to pay for the additional benefit of IBM's Variable Pay Program. We were told that this program would more than make up for the small losses we endured from the merg-

er. We listened and we believed because after all, it was IBM.

Eighteen months later we have discovered reality. Rational's motto was "Speed and Quality." IBM seems to be only interested in quantity of releases. After our engineering manager had a staff meeting, many first level managers could be heard telling their direct reports that we need to get our next release out "quick like a bunny," so they didn't end up getting skinned like a rabbit.

The saying "Do your 8 and out the gate" refers to the time you get to spend at home with family, and then it is back to work.

After the merging of Rational's pay grades to IBM pay bands, many of us ended up at midpoint of the IBM pay band. We now realize that once you reach your pay at midpoint, regardless of how well you performed over the year, you will

receive no merit increase at review time.

Participating in the much-touted Variable Pay Program was also an eye opener. It is like bowling with the pins hidden behind a black curtain. You roll the ball and hear the pins fall down, but have no idea how many fell until your manager steps out from behind the curtain and puts up a couple of fingers allegedly corresponding to the number of pins you knock down.

I know a lot of us are disappointed in what happened during and after the merger. I still believe that IBM can once again become the great company I was told about at the introduction meeting. However, IBM needs us to show them how to do it and we can't do it alone. That is why I joined the Alliance@IBM Massachusetts Chapter. I urge you to join too.

ONCE, WE HAD CAMELOT

Remember, once we had Camelot." With these words spoken at one of the last Lotus Development Corporation company meetings, Stu Kazin, beloved by "Loti," (Lotus employees) retired from IBM. This recalls a process that began one spring morning when Lotus employees were bussed

from Cambridge and North Reading to the ornate beauty of the Wang Center amid whispers of "IBM is 'merging' with us."

Merge, indeed, was an interesting choice of words, for at that time, the entire IBM sales force was larger than all of Lotus. The process ended several years later, with Al Zollar announcing, after

the fact, the formal dissolution of Lotus as a corporate entity. Observant employees had noticed that the year-to-date totals on their package had been reset and had asked why.

The experiment of the frogs and the boiling water has been used to describe why IBM would never again take as long a time to assimilate a company. If one throws a frog into a pot of boiling water, it will jump out. If one places a frog in cold water and slowly raises the temperature, the frog will not notice the gradual change and die. In subsequent acquisitions, it's said that IBM expects people to "jump out." Since the dot-com bust, however, jumping out has been much less feasible, even for the Stu Kazins of the world.

Lotus was a company beloved by the surrounding community. It freely participated in area philanthropy, like the renowned Walk for Hunger, sponsored each May by Project Bread. It sponsored benefit fashion and talent shows run completely by the artistically inclined employees. It matched 2:1 employee donations to nonprof-

its ranging from the arts to public broadcasting. Employees hung pledge sheets for all sorts of charity events on their office doors, a practice now forbidden by IBM policy.

Lotus's benefits program was marked by "Lotus Bucks." Given over and above employee salary, these were used to pay for health care elections. There were always enough Lotus Bucks, even for families with children. Some of us even made use of "paternity" leave to accompany the birth or adoption of a child. Maternity leave was even more generous. Lotus employees were the envy of their friends and neighbors.

The situation we face today is much changed. Eliminating

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Justice for IBM CEs.

Promises made should be promises kept! Send a message to IBM management.

*Bring back respect for the individual.
Increase staffing — recall formers SSRs.
End management by "fear."*

Increases in responsibility should equal increases in pay. More and better training.

Pay raises and starting pay should be equal to or better than competitors.

*TSS employees' time and service added to IBM's.
Restore free lifetime medical benefits.*

Good morale is good for business and for our customers.

Restore job security — attrition NOT demolition

CE's/SSR's:

Join the national CE organizing effort!

Contact the Alliance@IBM for more information

Join the Alliance@IBM/CWA

Join the Alliance@IBM/CWA and join with your co-workers in building the strength and unity that we will need to reverse anti-employee benefit and personnel policies at IBM. If we work together, we can make IBM into a better and more secure place to work. Sign up below and be a part of the movement for positive change at IBM!

Name _____ Job Title _____

Work location/Division _____ Years with IBM _____

Home Address _____

City _____ State _____ Zip _____

Home e-mail _____ Home phone _____

(Check boxes that apply)

_____ **Voting member.** I will pay monthly dues of \$10 and become a voting member of the Alliance@IBM/CWA Local 1701. Send me an application form.

_____ **Subscriber.** I want to receive Alliance publications and be placed on the Alliance e-mail list.

For information go to www.allianceibm.org

WELCOME NEW ALLIANCE@IBM CHAPTERS!

Northern Ohio Massachusetts

Alliance@IBM Hails House Passage of Pension Protection Amendment

On September 21, 2004, Representative Bernie Sanders (I-VT) successfully offered an amendment on the floor of the U.S. House of Representatives to protect workers against illegal age discriminatory cash balance pension conversions. By a vote of 237 to 162, the U.S. House passed the measure that forbids the federal government from acting to overturn a federal district court decision that ruled that IBM's cash balance pension conversion violated the pension age discrimination laws that are on the books.

Representative Maurice Hinchey (D-NY) was a co-sponsor of the amendment. The following Representatives, from some of the districts of interest to Alliance members, voted in favor of the amendment: Gil Gutknecht (R-MN), Mark Udall (D-CO), Dennis Moore (D-KS), John Tierney (D-MA) and Martin Meehan (D-MA). Access this link, <http://clerk.house.gov/evs/2004/roll458.xml> to see full list of how your representative voted on the pension protection amendment.

The amendment would prevent the federal government from using any funding to assist in overturning the federal district court ruling that declared IBM's cash balance pension conversion to be in violation of the pension age discrimination laws that are on the books.

Representative Sanders said, "This vote sends a strong message to the Bush Administration and the Treasury Department that the time has come to finally protect workers who have seen their pensions slashed through cash balance conversions by immediately withdrawing their proposed cash balance regulations. In addition, it also sends a message that Congress supports the federal court ruling declaring that cash balance plans are age discriminatory."

The Alliance@IBM believes that passage of this amendment is a prime example of how we can be effective on a national level.



"I put a lot of time and thought into this employee evaluation, Ms...Ms...what did you say your name was again?"

Settlement Sets Damage Amounts for Impacted IBMers If IBM Loses its Appeal on Pension Age Discrimination

The legal team on Cooper v IBM has negotiated an agreement with IBM that settles some of the claims and sets the amount of damages that IBM will pay to the class if IBM's appeal of the district court's age discrimination rulings is unsuccessful. The

class will receive \$320 million regardless of what happens on appeal, and stands to receive another \$1.4 billion if the appellate court sustains the district court's rulings on the cash balance formula and on IBM's use of a unique, age-based formula when it converted participants' benefits to opening account balances. The class consists of 3 groups of current and former IBM employees;

1) People employed on or after Jan 1, 1995 for more than 5 years. These people were impacted by the Pension Credit Formula IBM implemented in 1995. This portion of the class would benefit from both the claims that have been settled for \$300 million and the claims being appealed.

2) People employed on or after July 1, 1999 for more than 5 years. These people were impacted by the Cash Balance plan IBM implemented in 1999 and would benefit from the claims being appealed.

3) People employed on July 1, 1999 who left IBM with-

out vesting in the new cash balance plan. These people would benefit from the "partial termination" claim that was settled for \$20 million.

Details of how the settlement would be divided and distributed are still being finalized. Before year end 2004, all class members will receive formal notice of the settlement and a fairness hearing will be scheduled by the court where any objections to the settlement agreement can be raised. At this point, a detailed analysis can be done so that individuals will be able to project their share of the settlement.

After the fairness hearing is completed and the settlement is approved, IBM will file their appeal of the age discrimination claims. This means that if the settlement ruling is not appealed by any of the class members, payouts to the partial termination class of the initial \$20 million could begin as early as the second half of 2005 and payouts of the remaining two classes could begin sometime in 2006.

ONCE WE HAD CAMELOT

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employee choice in philanthropy and other distinctive parts of the culture of innovation that marked "Loti," IBM had reduced Lotus to a "brand." We had been told that IBM culture was "better," even "more diverse." This past year saw a doubling of the employee contribution to health care costs. Worse, many of us who had been enticed to stay because of new benefits available to us as IBM employees (retirement benefits and increased vacation with longevity) have seen our older colleagues culled from our ranks on the pretext of poor performance. We have lost so much wisdom and experience this way.

Increasingly, the onus for career development is placed upon employees who must also comply with security guidelines and navigate systems such as "Buy On Demand" to have the tools necessary to do their jobs. There are no administrative assistants, so there are no office supplies apart from what one may have collected over the years. HR is largely an automated system not staffed by people. We sign "Business Conduct Guidelines,"

as well as "Individual Development Plans," not to mention "Personal Business Commitments." These last provide a veneer of objectivity to a highly subjective process that is decided in advance.

Even if one manages to meet one's objectives to "Win," "Execute," and "Team" (and to have updated one's goals to match frequent re-orgs), one may not necessarily be promoted. Even if one is not promoted, one may not receive Variable Pay or merit raises commensurate to one's performance because "you make too much money for your band." Even if one has worked nights and weekends to make arbitrary project deadlines, one does not receive a rating which reflects this, because "we want you to work smarter, not harder." Yet it is astounding that in the surrounding community, IBM still benefits from the reputations of a Lotus and an IBM that no longer exist. It is easy for the employee to feel alone and shamed in such experiences until one begins to compare notes with one's colleagues.

Fortunately, there is much

more that one can do beyond comparing notes and bellyaching at the water cooler. A Massachusetts chapter of Alliance@IBM has formed, and its members join colleagues with similar stories from across New England and the nation. These employees include former employees of Iris and Rational as well as Lotus and other IBMers across Massachusetts. We seek greater participation in the Alliance as a way to begin to return to the fair and considerate practices that allowed innovation — the same innovation for which IBM purchased us in the first place — to flourish.