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Sprint Nextel Chief Resigns, Adding to Line of Departures

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Gary D. Forsee, Sprint Nextel's chairman and chief executive, resigned yesterday on the heels of news reports last week that the company's board was seeking to replace him as early as December.

Sprint, which is the nation's third-largest wireless carrier behind AT&T and Verizon, said that Paul Saleh, Sprint's chief financial officer, had been named acting chief executive until a permanent successor was found. A board member, James H. Hance Jr., was also named nonexecutive chairman yesterday.

Mr. Forsee's departure is the latest in more than a year of high-level executive exits at Sprint. The company's chief operating officer, Len J. Lauer, left in August 2006, and Timothy M. Donahue, Sprint's former executive chairman, resigned last October, earlier than expected.

Mr. Forsee's departure may leave a vacuum in Sprint's leadership ranks. Mr. Saleh has never run a telecommunications company, and the board said it was looking outside the company for a candidate to take Mr. Forsee's place.

Before joining Sprint Nextel, Mr. Saleh was a vice president and chief financial officer of Walt Disney International. According to Sprint's news release, Mr. Hance has been on its board only since 2005.

The company announced, too, that consolidated operating revenue for 2007 was expected to be lower than previously forecast.

Analysts attribute Sprint's problems and Mr. Forsee's departure to the poorly executed union of Sprint and Nextel Communications, a deal struck in 2005.

The Sprint and Nextel networks operated on different wireless technologies, which made it harder to merge operations.

"When Sprint bought Nextel, it was like buying a completely alien technology with no synergy at all," said Edward Snyder, a telecommunications industry analyst with Charter Equity Research. But, he noted, Sprint figured "everybody else was merging, why not them?"

The two companies also had different marketing strategies. Nextel sought more business clients, while Sprint focused primarily on consumers. After the merger "there was a tremendous amount of brand confusion," said Walter Piecyk, an industry analyst with Pali Research.

Mr. Piecyk said that problems were widespread within Sprint. In its wireless business, which is the future of a telecommunications company, Mr. Piecyk said the network needed improvement and customer service was poor. The cost of acquiring new customers has been rising as well.

“The performance of the company has been abysmal for more than a year,” Mr. Piecyk said.

Industry executives who declined to be named because they were not authorized to comment on Mr. Forsee’s leaving said it would be challenging for the board to find a new chief executive to revive the company, especially because they had been unsuccessful in their recent search to find a chief operating officer to replace Mr. Lauer.