



IBM's Commitment to Diversity and Market Leadership

by Jim Sinocchi

It's Thursday evening, just a few minutes before 7 p.m. A group of 100 new managers chat quietly in the theater-styled auditorium at IBM's Learning Center in Armonk, New York, waiting for the evening speaker to take the stage. Although the men and women come from the U.S. and Latin America, they speak to each other in a way that implies they have spent some intense time working together. And, in fact they have. This class of managers, just a portion of the approximately 6,000 worldwide promoted into management each year and who must attend a training session, have been working together as part of an intense week-long program at the IBM Learning Center.

Ted Childs, Vice President of Workforce Diversity, is the featured speaker for the next 3 and 1/2 hours. Peter Samardak, management development manager for this week's "Basic Blue" manager's class, introduces Mr. Childs by saying that he has been a regular speaker at these sessions on diversity since 1993. Mr. Childs has spoken at every new manager's class for the last eight, missing only three due to illness, including open-heart surgery.

Mr. Childs, whose career at IBM spans 34 years, is greeted with warm applause. "IBM has a heritage of diversity that we should all be proud of," he says. "And by the time I finish my remarks tonight, you'll have one key message about diversity that will stay with you throughout your management career. The message is this: Diversity at IBM is not just the moral thing to do, it is good business for our company. At IBM, diversity has moved from the moral imperative to the strategic imperative."

The Business Case for Diversity

The meeting referenced above is just one example of the many diversity meetings held at IBM and at other companies throughout the world. In today's business environment, many companies are beginning to realize they must change how they "look" and operate to reflect the changing face of their customers. And their customers are indeed changing. According to the Year 2000 Census, Asians, Blacks, Hispanics and Native Americans, for example, collectively represent 86 million people or 30.7% of the U.S. population. Companies also have recognized the aggregate buying power of these groups, estimated at more than \$1.2 trillion.

"Diversity is the new corporate battleground for mindshare and marketshare," says Childs. "When a company wins that battle, to the victor accrues recognition of good corporate citizenship, employee recognition of a company that values and promotes diversity in the workplace, and perhaps most important, customer recognition of a company that understands its changing marketplace. And, given the data trends we are now seeing, a company that establishes itself as a diversity leader will have a competitive advantage in its industry."

One major finding in the Year 2000 Census is the growth of the U.S. Hispanic community, which increased more than 50% since 1990 and now totals 35 million people. Poised to become the largest minority group in the United States, the census report revealed that 27 million people of Hispanic

origin are concentrated in seven states: California, Texas, New York, Florida, Illinois, Arizona and New Jersey. The census also found that half of all Hispanics live in California and Texas.

“Hispanic-owned or operated businesses will continue to be an important source of revenue for IBM,” says Childs. “U.S. Hispanic-owned businesses are growing at three times the national average, from 490,000 in 1987 to more than two million in 1999. During the same period, gross revenue grew from \$33 billion to \$221 billion, driving \$10 billion in IT spending.

“Census results confirm what we already know,” Childs continues, “the constituency of our marketplace is rapidly changing. And, IBM’s success hinges on our ability to be responsive to the marketplace.”

IBM is taking aggressive steps to mirror the changing demographics it sees in the marketplace. Consistent with the census data, the IBM U.S. Hispanic population grew 44% during the five-year period from 1996 to first quarter 2001. During the same period, the number of Hispanic executives has grown 148%.

According to Childs, IBM’s diversity programs help ensure the company stays abreast of the demographic changes in society to remain competitive. “You can’t have that changing face to the population and not have it reflect the changing face of your customers,” he says. “Sooner or later, your customers are going to look like the community in which we live and do business.

“Diversity is a business priority at IBM, because to remain successful, our employees must mirror our marketplace and the customers we serve,” says Childs. “Second, as companies compete for talent in our industry, no one can afford to ignore any person because of how they look, dress or where they come from.”

Diversity@IBM

The subject of diversity is indeed serious business at IBM, where its roots can be traced back more than 100 years, when the company hired both black and female employees.

“IBM celebrated its first Quarter Century Club in 1924, an event where the company honors employees who have 25 years of service with the business,” says Childs. “Pictured in a photograph of the initial 42 members of the Quarter Century Club, are three women and one black man. This indicates that IBM’s heritage goes as far back as 1899, when the company was called the Computer Tabulating and Recording Equipment Company.

“In 1914,” adds Childs, “IBM hired its first disabled employee, 59 years before the Rehabilitation Act of 1973 and 76 years before the Americans with Disabilities Act.”

Today, the company’s core programs are well integrated into the fabric of the entire corporation, not just compressed into one organization within IBM. “That’s what makes diversity at IBM effective,” says Childs.

Core management programs at IBM are far-reaching and impact every one of the more than 300,000 employees who work in 164 countries. These programs include an equitable base pay program and equity analysis to ensure employees are compensated fairly across the corporation. Employees can take advantage of an individual development program that allows them to document their plans for gaining new skills and job experiences. IBM’s executive resource program helps senior managers

follow the progress of employees into management and assists the Corporation in planning for future executive needs worldwide.

Diversity training is offered to managers and employees, and a "Project View" recruiting program focuses on hiring underrepresented and minority groups. "Because of Project View," says Childs, "IBM maintains an ongoing focus on identifying the best and brightest diverse talent from America's college campuses."

The remaining programs for employees fall under the umbrella of family support, including Work/Life Surveys, which gauge employee recommendations and opinions on the types of IBM programs they require or would like to change. LifeWorks is a service offered to employees that gives them immediate access to information needed to help balance work and personal life. The LifeWorks program provides practical solutions, realistic answers and customized resources on a full range of personal and job-related issues. The IBM Global Work/Life Fund is a global resource that provides child and elder care assistance through business partnerships with other companies and care providers around the world.

Another component of diversity at work within IBM is the role played by eight Workforce Diversity Executive Task Forces (Asian, Black, Hispanic, Native American, Gay/Lesbian, People with Disabilities, Men, Women), which were established in July 1995. The task forces are chaired and staffed by executives from that particular constituency.

"Each task force was asked to look at IBM through the lens of their group and answer these questions: What is required for your group to feel welcomed and valued here? What can IBM, in partnership with your group, do to maximize your productivity? And, what decisions can IBM make to influence the buying decisions of your group?"

"The mission of each task force is to increase IBM's success in the marketplace by focusing on the various constituencies as customers," says Childs. "In addition, task force leaders help ensure that our diversity training is fresh, remains well received and is a priority for our company."

Industry Leadership

There's more to leading an industry in today's marketplace than just having superior product sales, great technology or being seen as a great innovator. Childs believes that "business character" is a key ingredient in determining whether a company is indeed a leader of its industry. How does a company treat its people? How does it give back to the communities in which it does business? According to Childs, it is only when these questions are answered, in light of the business results a company delivers, that leadership can be determined.

IBM has a number of educational initiatives targeted specifically at disadvantaged urban and rural communities across the U.S., which have large concentrations of Hispanic students and other minority students at risk. "IBM's education effort is the largest of any major company," says Childs, "involving 40,000 teachers and nearly five million students in cities like New York, Chicago, Philadelphia, and San Francisco."

Because of IBM's community initiatives, which are spearheaded by its flagship "Reinventing Education" effort, parents can access their child's digital student portfolio, conduct a parent/teacher conference online or locate IBM electronic mentors who can help their children with math, reading or science. In another example, IBM has developed a voice recognition program that helps thousands of children, whose primary language is not English, learn how to read. In Philadelphia

and Houston, Hispanic students have improved reading and comprehension, according to independent evaluation studies. Because of these results, an adult version of this IBM software is now being used with older brothers, sisters and parents.

“Complementing our Work/Life initiatives,” says Childs, “IBM’s KidSmart Program provides customized computer centers for children and parent/teacher training in 49 of 50 states. KidSmart is currently serving more than 600,000 children, ages three to seven years, in disadvantaged communities.

“I believe that IBM is the diversity leader in our industry today,” says Childs. “Just look at our more than 100-year heritage of leadership in equal opportunity and leadership employee programs, such as the Global Work/Life Fund and Domestic Partner Benefits. Look at our company initiatives, which become even more vibrant as you watch IBM employees create and lead more than 50 Workforce Diversity Councils, 109 U.S. Diversity Network Groups and eight constituency Workforce Diversity Executive Task Forces.”

For IBM, maintaining the integration of its diversity initiatives within the mainstream of the corporation is crucial to its future success in the information technology industry.

“Diversity is becoming a key factor in helping define leadership in today’s marketplace,” says Childs. “Workforce diversity is about effectively reaching customers and markets. At IBM, continued diversity leadership will enhance our ability to create new revenue streams, recruit and retain talent, win and retain customers and maintain our marketplace leadership.”