SHRM®

SOCIETY FOR HUMAN
RESOURCE MANAGEMENT

IBM's Global Talent Management Strategy:
The Vision of the Globally Integrated Enterprise

By John W. Boudreau, Ph.D.

PROJECT TEAM

Author:	John W. Boudreau, Ph.D.
SHRM project contributor:	Nancy A. Woolever, SPHR
External contributors:	Randy MacDonald
	Richard Calo
	Michelle Rzepnicki
Copy editing:	Katya Scanlan
Design:	Jihee Lombardi

Note to HR faculty and instructors: SHRM cases and modules are intended for use in HR classrooms at universities. Teaching notes are included with each. *While our current intent is to make the materials available without charge, we reserve the right to impose charges should we deem it necessary to support the program.* However, currently, these resources are available free of charge to all. Please duplicate only the number of copies needed, one for each student in the class.

For more information, please contact:
SHRM Academic Initiatives
1800 Duke Street, Alexandria, VA 22314, USA
Phone: (800) 283-7476 Fax: (703) 535-6432
Web: www.shrm.org/education/hreducation

Table of Contents

Teaching Notes—Part A

Instructors can formulate classroom discussion and board plans around several different disciplinary frameworks, including change management, workforce planning, talent globalization, the tradeoffs between organizational customization and standardization, and the nature of the HR value proposition.

Part A is particularly useful for instructors teaching these topics:

- Competitive strategy.

- Strategic choices in services and technology.

- Evolution of competition in the technology and services industries.

- Strategic role of talent and human capital in supporting competitive dynamics.

A board plan might look something like this:

- Competitive context.

- IBM's competitive position in 2003 and going forward.

- Vital differentiators for IBM to compete effectively.

- How does GIE fit IBM's competitive choices?

- Human capital and talent implications.

- Does the WMI address the strategic human capital, organizational and talent needs of IBM?

- What should Randy do?

A typical discussion agenda might include the following topics and questions:

1. What factors characterized the competitive environment that IBM faced in 2003?

2. In 2003, what was IBM's decision regarding how it planned to compete in that environment? What was going to make IBM unique? On what dimensions did IBM plan to excel, and on what dimensions did IBM expect competitors to excel?

3. Why was a globally integrated enterprise such an important organizational design goal for IBM, considering its decisions about where and how it would compete going forward?

4. What things about IBM's culture, history, values, organization and workforce offered support for creating a globally integrated enterprise? What things offered potential hindrances to the globally integrated enterprise?

5. What specific human resource management and human capital indicators suggested that a change was needed in how IBM approached its talent management decisions? If you were an IBM business leader, would you care about improving talent management at IBM? What would be the evidence you would probably be seeing that would cause you to desire an improvement? If you were an HR leader at IBM, why would you care about improving talent management? Are the answers for a non-HR leader and an HR leader the same?

6. If you were a board member or a member of IBM's executive team and you were presented with the vision of the "Workforce Management Initiative" shown in the case and told that implementing such an initiative would take several years and cost up to US$100 million, would you embrace the initiative or resist it? Why?

7. Consider the questions posed in the last section of the case study (pages 13-15). How would you design the change-management initiative and the WMI itself in answer to these questions? Why would you make those choices? What do you think Randy and the IBM HR and executive team decided to do?

NOTE: If the class will continue to analyze Part B, the final question above provides a very good transition into that case. Or, an instructor might provide Part B as a supplemental set of material for students to read; it shows how IBM decided to proceed to address the dilemmas outlined at the end of Part A.

Useful sources include:

Dowling, P. T., & Schuler, R. S. (2005). *International human resource management.* Excel Books.

Schuler, R., Briscoe, D., & Claus, L. (2008). *International human resource management (Routledge global human resource management).* Routledge.

Robson, F. (2009). International HRM case study—international assignments. *SHRM Online.* Retrieved September 17, 2009, from **www.shrm.org/Education/hreducation/Pages/ InternationalHRMCaseStudyInternationalAssignments.aspx**.

Wright, G. (2009, May 19). American companies seeking to go global can face big HR hurdles. *SHRM Online.* Retrieved September 17, 2009, from **www.shrm.org/hrdisciplines/global/Articles/Pages/BigGlobalHRHurdles. aspx**.

Smith, J. J. (2008, Oct. 1). Most multinational firms not tracking expats' ROI. *SHRM Online.* Retrieved September 17, 2009, from **www.shrm.org/hrdisciplines/global/Articles/Pages/Expats%E2%80%99ROI. aspx**.

Smith, J. J. (2008, June 24). Employers need to improve long-term management of global talent. *SHRM Online.* Retrieved September 17, 2009, from **www.shrm.org/Publications/HRNews/Pages/EmployersNeedImprove.aspx**.

Teaching Notes—Part B

The Part B case focuses on the design of a talent management language that can provide seamless connections between the talent demands as they occur in businesses and projects and the talent responses that are undertaken by employees, managers and HR leaders.

This part is suitable for a course in human resource management or the portion of a general management course that deals with connecting human capital investments and programs to organizational strategy.

A board plan might look something like this:

- The connection between GIE and WMI: Why was WMI needed?

- WMI general structure and goals: Can they achieve the strategic objectives?

- WMI and talent supply chain: How is WMI like an inventory and supply chain system?

- The talent language and "demand signals:" Why was it so important to establish a common language for talent, and what did it accomplish?

- Measurement and evaluation: How were the tangible returns from WMI actually measured?

Several learning areas can be used to structure case analysis and discussion:

1. Instructors in general management programs might introduce the notion of a talent supply chain, perhaps drawing the connections between external suppliers, recruits, hires, developed employees and employees assigned to projects. It can be instructive to note how similar these connections look to a traditional supply chain that acquires unfinished goods or raw materials and then moves them through processes to finish them, store them and deploy them to retail channels where they are sold and used by customers.

2. Instructors might organize this discussion by developing a diagram of the talent "life cycle" (such as attraction, acquisition, development, deployment, engagement, attrition, etc.), and how the life cycle relates to the basic questions of talent supply, demand and gap resolution. Addressing the life cycle requires applying an array of talent programs, which must be integrated together using a logic that expresses the supply, demand and talent gaps in a comparable way. Underlying this integration of the life cycle with the gap analysis and program deployment are the costs and benefits of the system itself. The idea is to invest and deploy cost-effective HR programs that create the greatest value by

addressing the most vital gaps with the right elements of the talent life cycle. Are the programs outlined at the end of Part B the right things to implement?

3. Instructors can use the case to illustrate the limitations and promise of traditional approaches to the "language" of talent (such as job descriptions and competencies) and their value as a framework for talent planning and investments. Students might recall their own experience trying to construct job descriptions or trying to use them as the basis for assessing talent needs and strategies. Similarly, instructors might present any one of many leadership competency frameworks and engage in a discussion about their use and limitations as talent planning frameworks. This can be contrasted with the approach that IBM took and how it built upon and went beyond them. Students can also be challenged to consider the additional opportunities to improve this system. For example, the system emphasizes work role descriptions and skill sets, but should it also include such things as traits (such as personality and values) or needs (such as preferences for location, work schedule, etc.)?

4. Instructors can also engage in a discussion about how such a system should be measured and evaluated. The case notes that the system is likely to require investments of up to US$100 million over five years (as the case notes, the actual cost was twice this much over seven years) and presents IBM's method of assessing the returns on that investment. Students might be asked to react to the analysis of utilization rates and "hard" and "soft" benefits. Is IBM's approach sufficient to adequately capture all the costs and benefits? What other elements might be examined to better understand the true effects of the system? What would students want to see if they were an HR leader or non-HR leader at IBM?

Teaching Notes—Part C

Part C of the case focuses specifically on the design of the HR organization and the changing roles of HR professionals as a result of adopting the workforce initiative that supports IBM's globally integrated enterprise. Students obtain a deep understanding of how IBM modified the traditional HR structure, which largely separates the roles of corporate leader, business partner, functional expert and operations manager, and instead attempted to combine many of these roles. The seamless connection between operations, business support and functional leadership is striking. The case provides an opportunity to consider questions about the optimal structure and design of HR functions and staff functions generally.

This part is most suitable for a course in human resource management or organizational design.

Instructors might motivate class discussion in the following ways:

1. Call attention to the contrasting organizational structures that describe IBM's HR organization before and after the change.

2. Consider the questions of "capability" (can the person do what is needed?), "opportunity" (does the person get the chance to perform what is needed?) and "motivation" (is the person driven to do what is needed?) as they apply to the different roles in the newly designed HR organization. Students can use the COM framework to note where HR employees will have the greatest challenge adapting to the new system and where their roles, rewards and work challenges will remain more constant.

3. Discuss the future profile of HR leaders and non-HR leaders in systems such as IBM's. Students can discuss the meaning of "business partner" for staff functions, and whether organizations should emphasize deep background in the HR profession, broad business understanding or both. Students can reflect on their own preparation and whether it would be sufficient to become a business or HR leader at IBM. What kinds of individuals go into HR now and in the future? What is IBM's population of HR leaders likely to be like now and in the future?

References and Endnotes

Boudreau, J. W., Ramstad, P. M. (2007). *Beyond HR (chapters 6-9)*. Boston: Harvard Business School Press.

Cascio, W. F., & Boudreau, J. W. (2008). *Investing in people*. London, UK: Pearson.

Lawler, E. E., III, & Boudreau, J. W. (2009). *Achieving excellence in human resources management*. Palo Alto: Stanford University Press.

Ready, D., & Conger, J. (2007, June 1). Make your company a talent factory. *Harvard Business Review*.

1   Palmisano, S. J. The globally integrated enterprise. *Foreign Affairs*, 85(3), 127-136.

2   Ibid.

3   Ibid. p. 129.

4   Lesser, Ringo & Blumberg. (2007). *Transforming the workforce: Seven keys to succeeding in a globally integrated world* (p. 3). Armonk, NY: IBM Institute for Business Value Executive Brief.

5   Bartlett, C., & McClean, A. (2006). *GE's Jeff Immelt: The voyage from MBA to CEO*. Boston, MA: Harvard Business Publishing.

6   An excellent background reading for this case is: Applegate, L. M., Austin, R., & Collins, E. (2009). *IBM's decade of transformation: Turnaround to growth*. Boston, MA: Harvard Business School. Other sources include: Austin, R., & Nolan R. (2000, Mar 14). *IBM Corp. turnaround*. Boston, MA: Harvard Business Publishing. Maney, K. (2003). *The maverick and his machine: Thomas Watson, Sr. and the making of IBM*. Hoboken, NJ: John Wiley & Sons, Inc. Garr, D. (1999). *IBM Redux: Lou Gerstner and the business turnaround of the decade*. New York: HarperBusiness.

7   IBM Corporation. (2009). *Working at IBM*. Internal company presentation.

8   Hemp, P., & Stewart, T. (2004, December). Leading change when business is good. *Harvard Business Review*, p. 61.

9   Ibid. p. 68.

10 Daniel, T. (2009). Managing employee performance. *SHRM Online*. Retrieved September 17, 2009, from www.shrm.org/Research/Articles/Articles/Pages/ManagingEmployeePerformance.aspx.

11 Boudreau, J. W. (2010). *Retooling HR*. Boston, MA: Harvard Business Publishing. Cascio, W. F., & Boudreau, J. W. (2010). Utility of selection systems: Supply chain analysis applied to staffing decisions. In S. Zedeck (ed.), *Handbook of industrial and organizational psychology*. Washington, D.C.: American Psychological Association.

12 Dowling, P.T., & Schuler, R. S. (2005). *International human resource management*. Excel Books. Schuler, R., Briscoe, D., & Claus, L. (2008). *International human resource management (Routledge Global Human Resource Management)*. Routledge. Robson, F. (2009). International HRM case study—international assignments. *SHRM Online*. Retrieved June 10, 2010, from www.shrm.org/Education/hreducation/Pages/InternationalHRMCaseStudyInternationalAssignments.aspx. Wright, G. (2009, May 19). American companies seeking to go global can face big HR hurdles. *SHRM Online*. Retrieved June 20, 2010, from www.shrm.org/hrdisciplines/global/Articles/Pages/BigGlobalHRHurdles.aspx. Smith, J. J. (2008, Oct. 1). Most multinational firms not tracking expats' ROI. *SHRM Online*. Retrieved June 20, 2010, from www.shrm.org/hrdisciplines/global/Articles/Pages/Expats%E2%80%99ROI.aspx. Smith, J. J. (2008, June 24). Employers need to improve long-term management of global talent. *SHRM Online*. Retrieved from www.shrm.org/Publications/HRNews/Pages/EmployersNeedImprove.aspx.

13 Boudreau, J. W. (2010). *Retooling HR*. Boston, MA: Harvard Business Publishing. Cascio, W. F., & Boudreau, J. W. (2010). Utility of selection systems: Supply chain analysis applied to staffing decisions. In S. Zedeck (ed.), *Handbook of industrial and organizational psychology*. Washington, D.C.: American Psychological Association.

14 Cappelli, P. (2008). *Talent on demand*. Boston, MA: Harvard Business Publishing.

15 The present case, Part B, deals primarily with the first of these goals – system design and data capture, while Part C addresses implications for the design of the HR organization.

16 Boudreau, J. W. (2010). *Retooling HR*. Boston, MA: Harvard Business Publishing.

17 Weatherly, L. (2005). Competency models series part I: Competency models—an overview. *SHRM Briefly Stated*. Retrieved September 21, 2009, from www.shrm.org/Research/Articles/Articles/Pages/Competency_20Models_20Series_20Part_20I__20Competency_20Models_20-_20An_20Overview.aspx.

Weatherly, L. (2005). Competency models series part II: Competency methods and uses. *SHRM Briefly Stated*. Retrieved September 21, 2009, from www.shrm.org/Research/Articles/Articles/Pages/Competency_20Models_20Series_20Part_20II__20Competency_20Methods_20and_20Uses.aspx.

Weatherly, L. (2005). Competency models series part III: Competency-based performance management. *SHRM Briefly Stated*. Retrieved September 21, 2009, from www.shrm.org/Research/Articles/Articles/Pages/Competency_20Models_20Series_20Part_20III__20Competency-Based_20Performance_20Management.aspx.

18 Boudreau, J. W., & Ramstad, P. M. (2007). *Beyond HR*. Boston: Harvard Business Press.

19 Boudreau, J. W. (2010). *Retooling HR*. Boston, MA: Harvard Business Publishing.

20 For several examples connecting the talent pipeline to concepts from supply chain management, see chapter 5 in Boudreau, J. W. (2010). *Retooling HR*. Boston, MA: Harvard Business Publishing.

SHRM

SOCIETY FOR HUMAN
RESOURCE MANAGEMENT

1800 Duke Street
Alexandria, VA 22314-3499