

STRATEGIC HR MANAGEMENT

CASE STUDY-PART C



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

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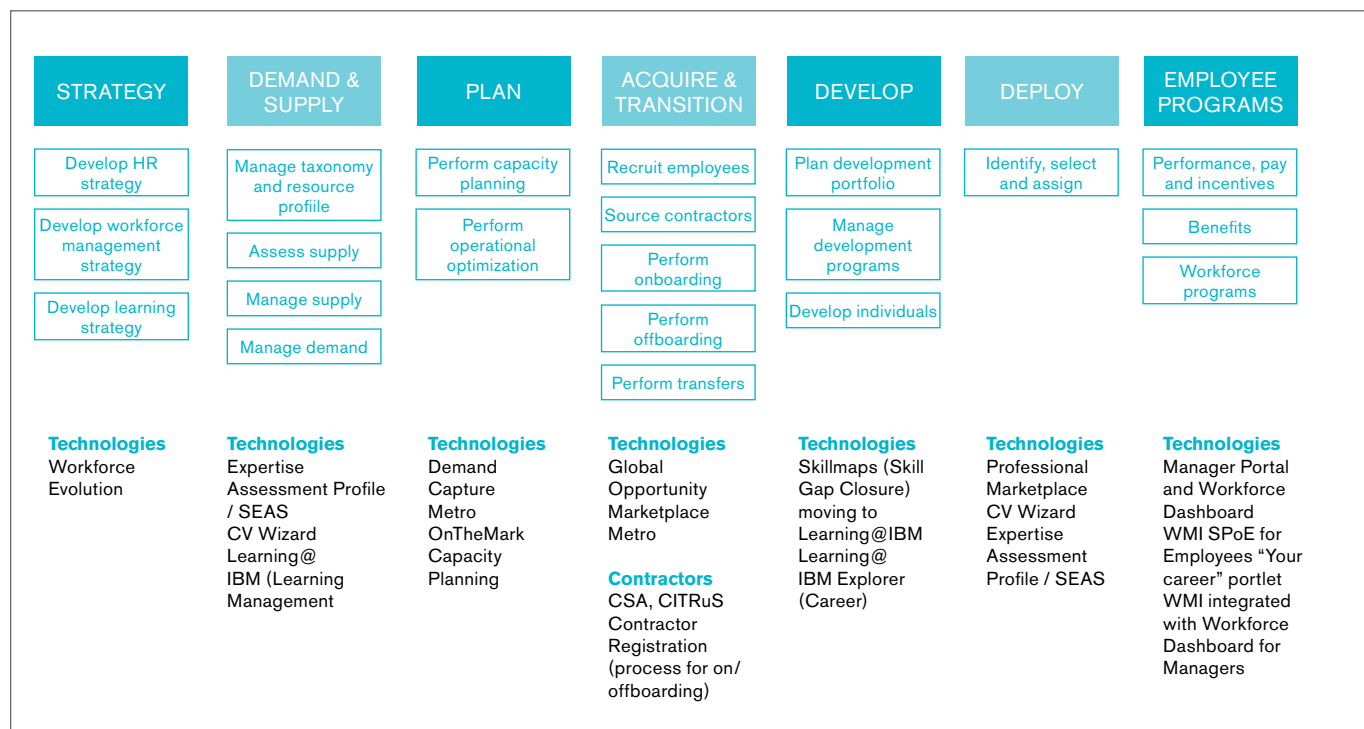
Case Study Part C

INTRODUCTION

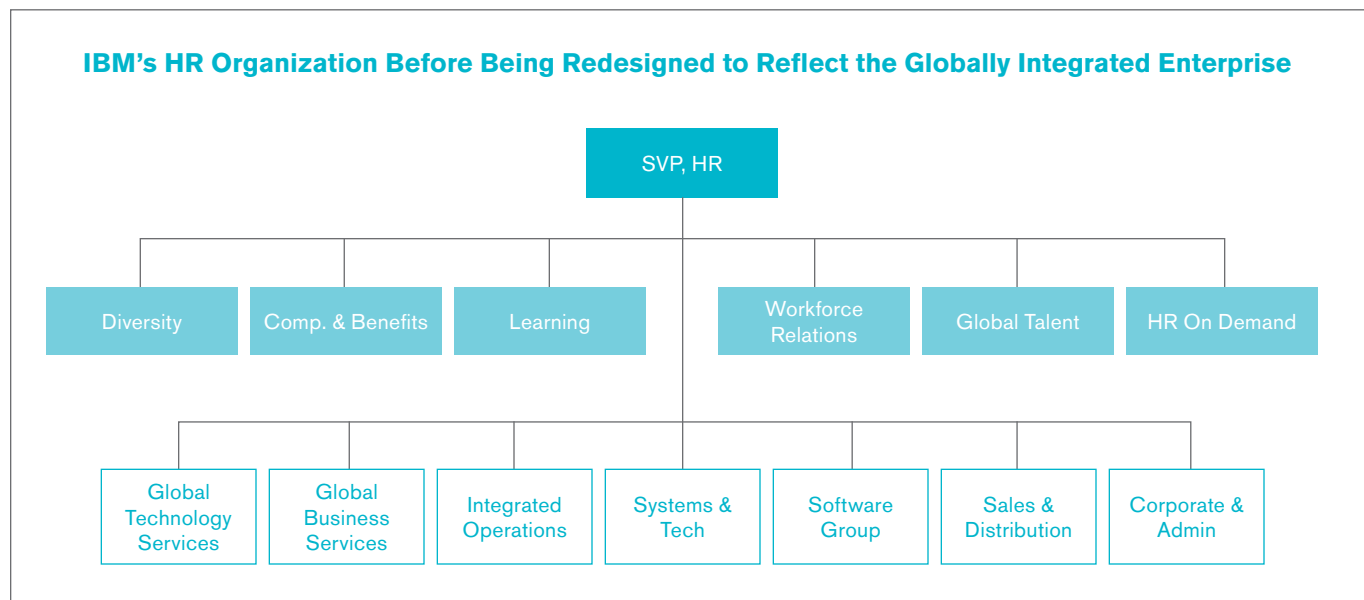
Between 2002 and 2009, IBM had created a unique workforce management initiative (WMI) that reflected the increasing need for global organizations to have a transparent and comprehensive view of their talent supply, requirements and implications for business strategy. The system was successful, being used by more than 80% of all IBMers as a natural way for individuals to track and plan their development and performance, for managers to estimate talent requirements and availability, and for IBM's strategic planners to gather data from this "living market" to estimate future opportunities and challenges.

CONNECTING THE WMI TO THE EMPLOYMENT LIFE CYCLE PROCESS

Implementing the WMI system required creating or incorporating specific "technologies" into every stage of the employment life cycle, from planning through deployment. It involved tools for HR, IBM managers and IBM employees. The box below shows the technologies and the areas of the employment process they supported.



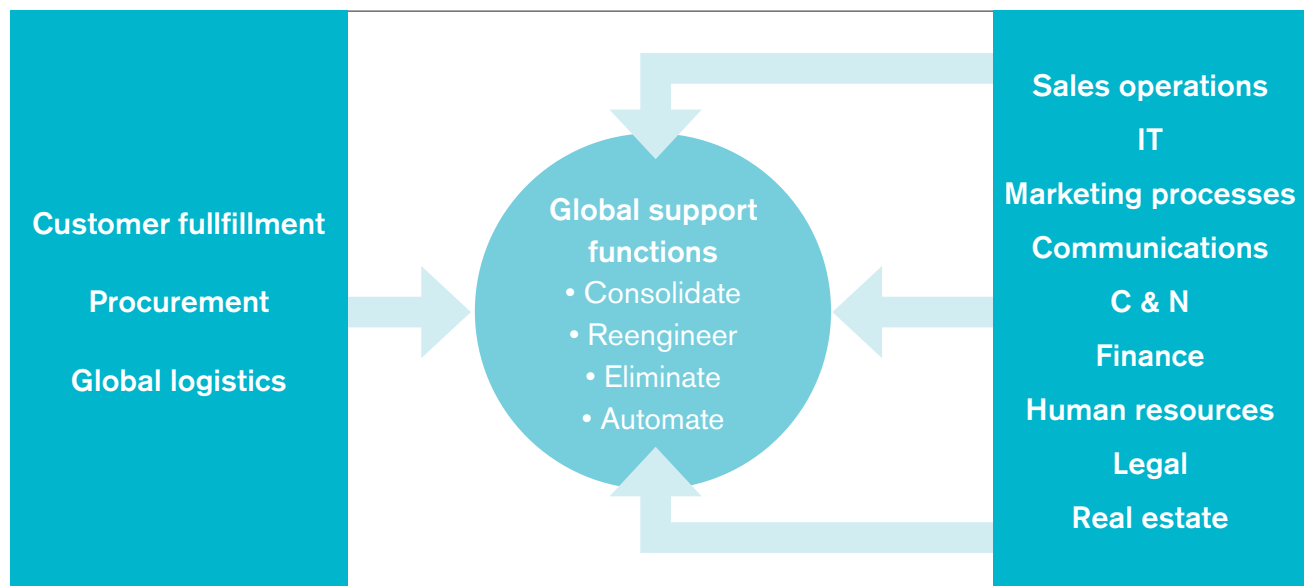
The implication of this system was that a great deal of the day-to-day work involved in workforce management would reside with managers, team leaders and employees. Yet, overseeing, maintaining and improving such a system would require talented HR leaders. Those leaders might be deployed in central organizations that supported workforce management across the globe. They might be located in functionally specific units (such as units that were experts on talent acquisition, training or organization design) that were assigned to particular regions or countries. Moreover, in the existing HR organization at IBM, there were several established roles. Some HR leaders served as “business unit HR leaders” who worked directly with businesses, regions or countries to support their particular strategies and HR needs. Others served in “centers of expertise” and provided specific expertise and consulting in areas such as compensation, benefits, staffing, development and labor relations. Still others served in HR “operations,” maintaining and enhancing the supporting infrastructure of the function, including information technology, communication, legal compliance, and data analysis and reporting. The exhibit below shows IBM’s organization structure before its redesign.



While it was state of the art by traditional standards, the strict divisions between HR roles would not allow enough fluid movement and integration across those roles. For example, prior to the global HR transformation, the top row of boxes below the senior vice president of HR had an HR leader supporting each of the major HR functional areas such as learning, compensation and benefits, diversity, and workforce relations. The bottom set of boxes shows the assignments of other individuals to be HR leaders for the major business units and service areas of IBM. Not only was this division of expertise potentially more expensive, it limited the kind of flexibility needed by a more dynamic and globally integrated organization.

APPLYING PROCESS EXCELLENCE PRINCIPLES TO HR

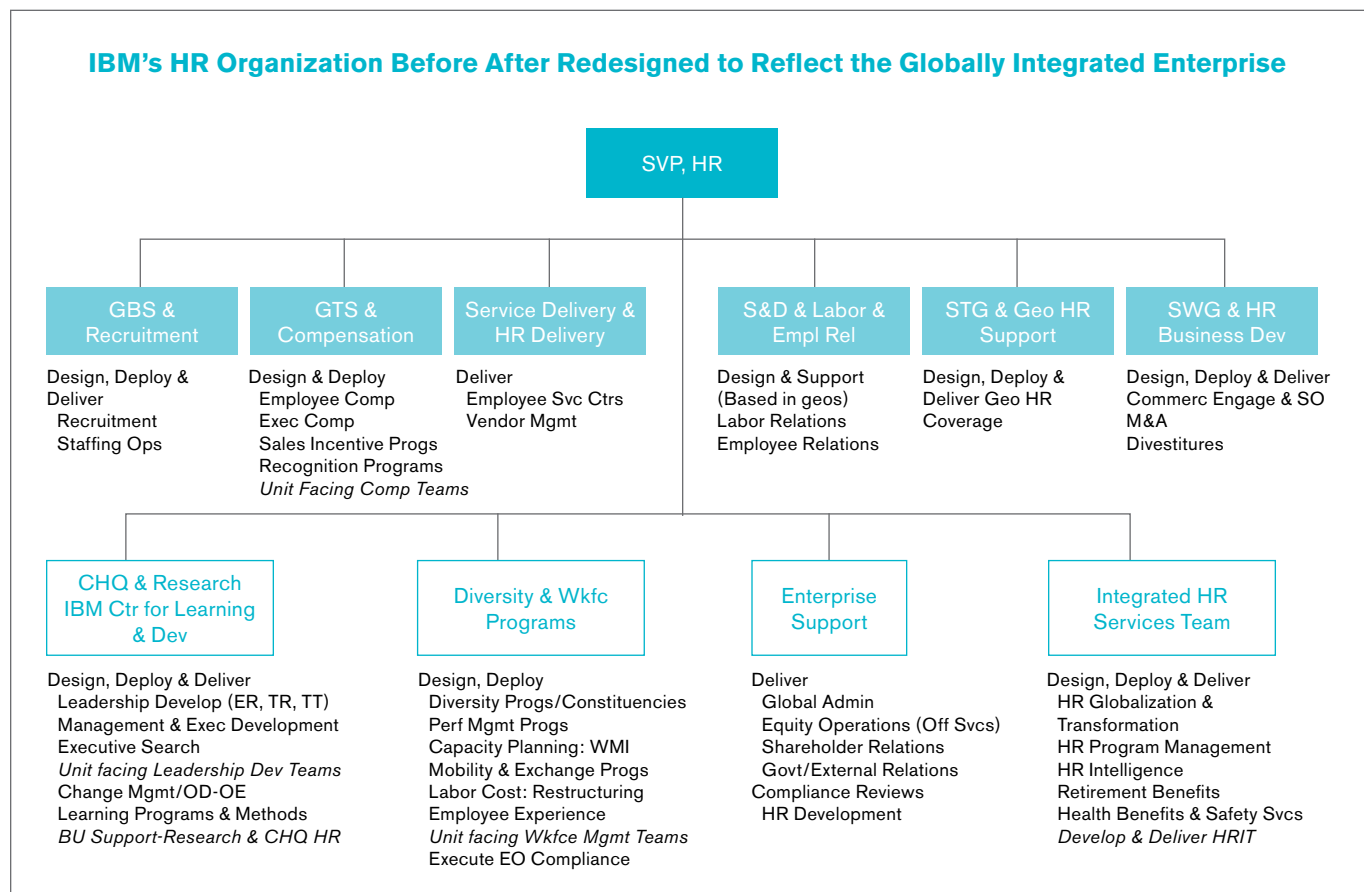
A central tenet of IBM's view of the evolution of world markets was that in order to support a truly globally integrated enterprise, the underlying functions that supported the enterprise (such as sales, marketing, IT and HR) needed to evolve to be “globally integrated support functions” (GISF). A graphical illustration used by IBM to depict the idea is shown in the box below.



What this meant was that HR would need to approach itself as an end-to-end globally integrated solution. What engineering and solution principles might help HR become more efficient and effective in how it moved talent around the world? How could existing HR resources be used more effectively? How might the different HR roles (business partner, center of expertise, operations, global center, etc.) be arrayed most effectively to support this?

The answer came in many forms, some reflected in the broad organization design and mission of HR, and others reflected in subtle changes in HR roles. This was apparent in the new organization structure for HR that emerged as the implications of an end-to-end solution perspective on HR became clearer. The new organization structure is shown in the exhibit on page 48.

In the new organization design, HR processes such as learning, recruitment and compensation were placed where they were most effective. Also, as shown in the second row of boxes in the exhibit, the leaders of each functional area of HR were “dual-hatted,” meaning that they led not only a significant HR functional area, such as compensation or recruitment, but at the same time they supported a large IBM business area as the HR “business partner.” For example, in the left-hand box, the HR leader for the “Recruitment” HR function was also the HR business leader for “GBS,” or Global Business Services. This pairing was made because GBS was the largest user of recruitment services. On the top right, the person in charge of HR Business Development was also the “business leader” for the Software business. These roles were grouped because the Software group had traditionally done the most acquisitions.



PUTTING HR PROCESSES WHERE THEY ARE MOST EFFECTIVE

One significant idea was that HR activities, like IBM's talent more generally, would be placed where they could be most cost-effective. For example, administration of IBM's learning system had been based in Florida, but the servers that supported the data system for learning were located elsewhere. Why not move those servers to Florida so that the program implementation and data support could be more integrated?

A growing realization was that with global changes in the labor force, the heaviest WMI workload was going to be in Asia. Yet, HR administration and support had traditionally been housed in the United States. The support center was a 24/7 operation to be sure, but if the heaviest demand was going to occur during business hours in Asia (the middle of the night in the U.S.), did it really make sense to have U.S. HR staff working in the middle of the night instead of moving the support center to Asia?

DUAL-HATTING GLOBAL PROCESSES AND BUSINESS PARTNERSHIP

An implication of the dual-hatting model within the Global Integrated Enterprise was that there would be a much stronger connection between the day-to-day talent planning at the business level and the operations that were supported centrally. The challenge became how to develop and motivate HR to have an eye on both the central and the business-specific elements of performance. Traditionally, it was very easy for the HR operations to become disconnected from the business operations, because HR leaders working as business partners might not be familiar with the global process operations and vice versa.

The GIE model and WMI required something different. This organizational model change requires integration between line HR and staff HR initiatives and day-to-day activities. The idea was that about 100 HR folks would run the WMI full time, but it would work because more than 500 HR business partners would understand it and help their business units use it on a day-to-day basis. This meant that the WMI processes needed to be simple, intuitive, easily learned and applied, and the organizational model had to be integrated in a way that enabled such implementation.

The "dual-hatting" of top HR leaders, described in the exhibit on page 48, played a key role. This had the effect of keeping the global processes as simple as possible. It is easy for such processes to grow in elegance and complexity when the person responsible for them is solely focused on enhancing them and constantly adding the latest innovation. However, when the person running a global process also has responsibility for supporting a unit with thousands of employees, the amount of available time becomes very limited. This sets a natural priority so that only the most vital and impactful innovations are made in the process, and the process itself is relentlessly simplified. Otherwise, no one would have time to do both jobs effectively!

SUCCESS AND CHALLENGES ON THE HORIZON

The successful evolution of IBM to a GIE and the development of the WMI to support it through talent was justifiably regarded as a financial and organizational success. IBM could point to its own evolution as an example of the kind of transformation its products and services could engender in its customers.

IBM's talent management system was fast becoming a uniform—yet constantly adapting—tool not only with the HR function but throughout the organization. The underlying logic of the Taxonomy was not only enhancing utilization rates and responsiveness, but also supporting a stronger “decision science” for talent management by seamlessly integrating demand, supply and development. The increased clarity between the “demand signals” in the businesses and the response of the talent system allowed greater speed and clarity. For example, IBMers noted that a decision to manufacture chips for video games changes the skill set needs of IBM's chip manufacturing in as little as six months. IBM's HR partners must be ready to work with business leaders and flex to that new demand immediately once the business decision is made. The Taxonomy and the WMI allow those business signals to be translated into specific talent capabilities, which can be arrayed against learning assets and talent movements. Rich Calo used an ice hockey analogy and likened this to allowing HR to “skate to where the puck is going to be” rather than reacting to changes after they occur.

This success brought its share of new questions.

- How would the new structure and roles for the HR function change the necessary qualifications for future IBM HR leaders? For example, would the blending of the roles of business support and centralized functional support create a greater need for HR leaders adept at both business and traditional HR capabilities? Would traditionally trained HR recruits have the necessary background in business? Would traditionally trained MBAs have the requisite capabilities in the disciplines of HR?
- How would the new structure and roles change the necessary qualifications for the role of leaders outside the HR profession, as talent strategists and decision makers? As more key decisions about talent demand, supply and development were made by business leaders working directly with employees, what skills should all business leaders be expected to have regarding fundamental principles of learning, engagement, motivation and employee relations? Should IBM's business leaders be as informed about principles of talent markets and decisions as they were about principles of decisions and markets for money, customers, supply chains and technology?

- How would IBM leverage its success with the WMI directly into products, revenue and customer service? Few organizations had systems that so seamlessly integrated talent with business needs, and many organizations were willing to invest to attain such systems. To what extent could IBM's lessons in developing its internal talent systems become services and products for its clients? Who should run such a business?
- How could HR retain the vital balance between the “soft” and the “hard” benefits? The WMI enhanced HR's role as a data-driven and analytically powerful discipline, capable of solving talent issues with the kind of mathematics and logic previously reserved only for more tangible resources. Was there a danger that the intangible and unquantifiable aspects of IBM's employment relationship might be lost in a sea of numbers, equations and optimization rules? After all, people are still not simply elements of an inventory or products awaiting shipment. Should the job of retaining IBM's intangible values and employment brand be explicitly assigned, or should it be a specific accountability for every business and HR leader?

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