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## IBM's Diversity Strategy: Bridging the Workplace and the Marketplace

In three days IBM's Board of Directors would convene in New York for their first meeting of 2004. A prominent item on the agenda would be a presentation by Ted Childs, VP of Global Workforce Diversity. Since 1995, IBM had been involved in a focused diversity initiative whose results some thought were almost as extraordinary as the turnaround of IBM itself, which had begun in 1993. Childs had partnered with then CEO Lou Gerstner to launch the initiative in 1995. Nine years later, the progress and partnership continued under the current CEO Sam Palmisano.

The organizing principle of the diversity initiative was, according to Palmisano, Gerstner and Childs, very simple: Diversity is the bridge between the workplace and the marketplace. In other words, IBM needed to effectively attract and retain the best talent from an increasingly diverse candidate pool and manage in a swiftly changing external environment. To serve the needs of IBM's culturally diverse customers and exploit new opportunities to serve them, IBM needed to be culturally diverse and manage that diversity effectively. Childs' report to the Board would provide compelling data to support this premise and to show IBM's investment was paying dividends.

As the initiative grew in scope, new challenges emerged and the need to keep focus and direction became critical. How would IBM sustain this initiative? Was it really feasible on a global scale? Given the reality that Childs would only work for IBM for another 5 years or less, he was trying to figure out what was the right tactical and strategic focus. Childs felt that a creditable discussion with the board had to frame the recent history and success of the diversity initiatives, balanced by the growing number of global challenges.

### History of IBM

When IBM was first founded in the late 1800's, it was known as the Computing Tabulating Recording Company (CTR), the result of a merger of three companies, the International Time Recording Company, the Computing Scale Company, and the Tabulating Machine Company. Thomas J. Watson Sr. joined the company in 1914 and was elected president of CTR in 1915. Under his leadership, the company expanded internationally into Canada, South America and Europe, and acquired several key patents. In 1924, CTR was renamed International Business Machines, and had grown to over 3,300 employees worldwide with a gross income of \$11 million and net earnings of \$2

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Professor David A. Thomas and Research Associate Ayesha Kanji prepared this case. HBS cases are developed solely as the basis for class discussion. Cases are not intended to serve as endorsements, sources of primary data, or illustrations of effective or ineffective management.

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million. Under Watson Sr., IBM developed a distinct corporate culture built on loyalty, intellectual creativity and strong work ethic; IBM was an international brand that became synonymous with cutting edge technology and intellectual capital.

From its outset, IBM had been a leader in promoting equal opportunity. In 1899, CTR hired three women and its first Black employee, and in 1914, IBM hired its first disabled employee. Despite the market crash of 1929 and the ensuing Depression, IBM prospered, and remained committed to equal opportunity, and was one of the first companies to recruit professional women in 1935. T.J. Watson Sr. promoted equality in the company, “men and women will do the same kind of work for equal pay—they will have the same treatment, the same responsibilities and the same opportunity for advancement.”

During the 1940s and 1950s, the United States was embroiled in a politically volatile struggle for civil rights. IBM's executive leadership promoted racial equality, and was the first major corporation in the United States to support the United Negro College Fund in 1944. T.J. Watson Jr. took over as president in 1952. In 1953, he took a stance and declared that there would be “no separate, but equal facilities” in the company's building manufacturing plants in the south. (See Exhibit 1 for a timeline of IBM and diversity) IBM's commitment to diversity did not go unnoticed; the company received many awards in the 1980s, including: 1989 National Society of Black Engineers Employer of Choice award; 1989 Working Mother magazine—10 Best Companies for Working Mothers; the 1988 President's Committee—People with Disabilities Large Employer of the Year. In 2003, U.S. Secretary of Labor Elaine Chao honored IBM with the New Freedom Initiative Award, recognizing exemplary and innovative efforts to further disability employment.

In 1952, IBM was at the forefront of the technological revolution, and released its first commercial computer. For the next 25 years, IBM solidified its position as industry leader with key technological innovations in information calculation and storage, computer languages, and information transmission. IBM designed technology for specific industries, including airlines, hospitals, aerospace, military, and banking. In 1960, IBM's 305 RAMAC computer was used to score the Winter Olympic Games, process the U.S. presidential election returns, and in 1969, IBM computers helped put the first astronauts on the moon. In the late 1960s, IBM changed the way it sold its products. Rather than offer hardware, services and software exclusively in packages, marketers “unbundled” the components and offered them for sale individually. Unbundling gave birth to the multibillion-dollar software and services industries. Other important innovations of the early 1970s included the floppy disk, supermarket checkout station, and predecessor to the Automatic Teller Machine.

The early eighties brought IBM's first Personal Computer (PC), which opened up the computer market to individuals and small businesses. IBM also introduced the token-ring local area network, which enabled personal computer users to exchange information and share printers and files within a building or complex. With further development of the computer, IBM laid a foundation for network computing and numerous other applications. IBM boasted consistent financial performance in the early 1980s. From 1984 - 1989, volumes purchased increased by 74% cumulative annual growth rate, establishing a \$50 billion market, outstripping all other computer market segments.<sup>1</sup>

Despite IBM's virtual monopoly of the technology industry, its dominance started to wane in the late 1980s, due to several factors. Within the organization, IBM was trying to re-orient itself from a leasing to a sales business, and was also grappling with incompatible product lines and cannibalism of its own products. IBM's sheer complexity, encompassing 20 business units and 25,000 products, made this task difficult. Foreign competition had also started to gain market share, with competitive

<sup>1</sup> Robert D. Austin and Richard L. Nolan, “IBM Corporation Turnaround,” Harvard Business School Case (600-098), November 14, 2000, p.2.

pricing and expedited product to market development times.<sup>2</sup> By 1990, the company had started to lose money. Senior management was seriously considering the possibility of breaking up the company and initiated steep cost reductions, including the elimination of 40,000 jobs, in an effort to make IBM profitable again. In April 1993, IBM's board replaced CEO John Akers with Louis V. Gerstner, and the rejuvenation of the business began for IBM.

### *Lou Gerstner at IBM*

Before joining IBM, Gerstner had been CEO of RJR Nabisco, a senior executive at American Express, and a consultant for McKinsey & Co. Gerstner was an expert marketer and despite his sterling reputation, many IBMers had mixed feelings about Gerstner's entrance to IBM. He was the first CEO at IBM to come in from the outside, and he had limited experience in the technology industry. When Gerstner surveyed the situation inside IBM, he was surprised by what he found. **There was a fundamental disconnect between the company's research efforts and the reality of the marketplace;** deterioration in IBM's ability to manage customer relationships; and underdeveloped marketing potential.<sup>3</sup> But Gerstner saw that IBM's ultimate strength was its ability to integrate services and offer its customers a customized package of products and services. So instead of continuing the efforts to split the company apart, Gerstner was committed to keeping IBM unified through integration, cost reduction, customer orientation, and increased efficiency.<sup>4</sup> The company's comprehensive re-engineering and cost reduction efforts were successful, resulting in a globally integrated company which became profitable again in 1994, earning \$3 billion on revenues of \$64 billion. To rebuild the IBM brand, Gerstner hired marketer Abby Kohnstamm, who consolidated the company's fragmented advertising spending under one agency, Ogilvy and Mather Worldwide, and launched a successful marketing campaign. To ensure that IBM was operating under an informed global strategy, Gerstner created several senior management groups, including the World Wide Management Council (WMC), a group of the company's top 35 executives, including geographic and division leaders from around the world, who would meet every quarter to discuss the strategic direction of IBM. By 1995, IBM had regained its financial foothold, with profits climbing to \$4.2 billion on revenues of \$72 billion.

Gerstner's outsider identity allowed him to make key changes to IBM's traditions and culture. Permanent employment with the company had ended in 1991, and **Gerstner encouraged senior management to infuse new blood into the organization and embrace changes, even if those changes did not resonate with how things had been executed at IBM in the past.** Gerstner inserted a core philosophy that talent belongs to the entire enterprise, and not to one organization because IBM only gets better when employees improve with new experiences. Gerstner recognized IBM's historical commitment to affirmative action and diversity. After a while, he also began to feel that IBM might not be doing as well as it could and wanted to strengthen the company's ability to attract the world's top talent. Gerstner recalls:

As far as I'm concerned, if you took a representative sample of the U.S. population and you put those 100 people in a room, half of them would be women and half of them would be men. And then inside the gender there's roughly 25% ethnic minorities. I just want to get my share

<sup>2</sup> Robert D. Austin and Richard L. Nolan, "IBM Corporation Turnaround," Harvard Business School Case (600-098), November 14, 2000, p.4.

<sup>3</sup> Robert D. Austin and Richard L. Nolan, "IBM Corporation Turnaround," Harvard Business School Case (600-098), November 14, 2000, p.8.

<sup>4</sup> Robert D. Austin and Richard L. Nolan, "IBM Corporation Turnaround," Harvard Business School Case (600-098), November 14, 2000, p.9.

of the best people of that 100. When I looked around the room at my executive management team in 1993, we had too many white males among the population, which signaled to me that IBM wasn't getting its share of the talent.

## Ted Childs

After graduating from West Virginia State College in 1967, Childs joined IBM in the Personnel Department in Kingston, New York. Not long after joining, Childs concluded that IBM was doing an inadequate job of recruiting blacks to its manufacturing plant and development laboratory in Kingston. As a graduate of a historically black college, he knew there was a qualified, but untapped pool of talent the company was missing. He wrote a paper critiquing college recruiting at IBM, which was so well received by executives that Childs was asked to head up minority recruiting for the Kingston location of IBM. In January 1968, he left the personnel-training program to join the Kingston plant and laboratory recruiting staff. The site employed 5,000 employees in both the plant and laboratory. Childs' management team had set a heady goal of increasing the minority representation of the plant by 19 employees by year-end. But by May 1968, he had already 55 Black employee accepts for the Kingston location. Child's success drew the attention and support of executives at IBM. During the next eighteen years, he moved through a succession of human resource staff and management assignments. In 1982, he took an 18 month leave from IBM to act as executive assistant to Benjamin Hooks, CEO of the National Association for the Advancement of Colored People.

In October of 1988, Childs took on a role heading up Work/Life in Human Resources. Soon after, Childs became director of equal opportunity and affirmative action programs in 1991, and in 1997, Childs was promoted to vice president of Workforce Diversity with responsibility for workforce diversity programs and policies, including equal opportunity and affirmative action. The position was one that Childs had long had his sights on. He saw it as an opportunity to fundamentally change the way that IBM thought about diversity as a competitive advantage.

When Childs took over the Office of Equal Opportunity in 1991, he changed its title to Office of Workforce Diversity. Having been at the company through the tenure of six of the company's seven CEOs, Childs knew that IBM had a great heritage with respect to diversity, but he felt that IBM had not paid enough attention to the potential strength of IBM's workplace diversity in the marketplace. He wanted IBM employees to understand the value of diversity for their individual business units, and for the company as a whole. In Childs' mind, diversity was more than race and gender—if encompassed the many identities and perspectives latent in the workforce. These very same identities and perspectives could be mapped to IBM's customers and future talent, creating a basis for identification with the company. All the pieces were already there; IBM was the most global technology company in the world and its workforce represented its customers—there was a heritage of fairness in employee relations, particularly on issues of race, gender and disability. But the company had not taken the next step to connect itself to the marketplace. Childs felt that in order to take IBM to the next level, "the company needs to win in the marketplace and out-compete our competition by looking like the people we are trying to sell to, and we must look like them from the mailroom to the boardroom."

## The Precipitous Moment

One Friday afternoon in 1994, Childs received a call from the CEO's office, requesting Childs attend a 30-minute meeting with Gerstner later that afternoon. Childs was caught off-guard, dressed in casual attire and completely unprepared for a meeting, having no knowledge of the agenda. That afternoon, Childs made one of the most important decisions of his career; he did not go home and change clothes. Instead, he spent the remaining few hours before the meeting drafting a list of what he wanted to talk about within the time allotted. One of Ted's priorities was he wanted to give the corporate executive committee an executive briefing on what his office was doing. Ted took a pitchbook to the meeting, which included the presentation he hoped to give to the corporate executive committee, and other ideas.

At the meeting, Childs checked in with Gerstner, and briefly discussed the issues Gerstner had on his agenda for 15 minutes. Childs then asked if he could spend the remaining 15 minutes covering his own agenda, and Gerstner obliged. Childs knew that Gerstner wanted to improve IBM's relationships with its customers and generate more business for IBM, and he had an idea for how those goals could be achieved. Appealing to Gerstner's marketing sensibilities, Childs asserted that to better connect to the marketplace, IBM has to look like its customers—at every level of the company. More importantly, **the company needed to create conditions that allowed that cultural diversity to become a resource for learning about competing for clients. IBM already had tremendous diversity, but it was being minimally utilized.** In order to develop this potential, major constituencies at IBM would need to meet within their respective communities, to get to know one another and brainstorm ways for IBM to improve its workplace culture and reach its constituency in the marketplace. Childs wanted to approach developing diversity like any other business proposition at IBM—through a comprehensive executive task force that would research the topic, brainstorm and formulate recommendations. And **most importantly, this initiative had to originate at the line, and not with HR, to be taken seriously.** Gerstner was very interested in what Childs had to say and took Child's pitchbook home with him over the weekend. Gerstner recalls that when Ted first proposed the task force idea, he had some concerns. He wondered, what impact would the task force initiative have on **IBM's corporate culture—would it be disruptive?** Would senior executives want to become involved? Gerstner said to Childs:

I want you to go to the very best [executives representing minority groups] in this company and I want you to ask them, what do they think of the idea of having a taskforce. Does it make them look weak, or does it make them look strong? Does this look like a productive thing to do? And if the answer is that the task forces are wanted and they believe they will be helpful, then I will believe it will help us.

## Culture at IBM before 1995

In the 1980s and 1990s, IBM had developed a reputation for being a company of "men in white shirts." The stereotype of starched and straight-laced IBM employees persisted despite the company's expanding global presence and rise in international and minority employees. **IBM prided itself on being a meritocracy, where an individual's accomplishments, and not his or her background, led to a successful career in the company.** IBM's culture discouraged recognizing differences among employees and promoted a uniform IBM identity of talent. A minority IBM employee recalls, "when you walked into IBM, you took off your own hat and put on your IBM hat, which everyone else had on, too." While there were many minorities at the company, they were not well represented in the



executive ranks.<sup>5</sup> In 1995, Black executives accounted for only 5% of IBM's U.S. executives. While this figure was consistent with IBM's competitors in information technology and engineering, it did not reflect the company's strong legacy of diversity. In 1995, female executives comprised only 11.5% of executives worldwide or 185 women, of which 179 were in North America and 17 were women of color. A female senior executive recalls,

Before the task forces were established, I remember one of the first senior leadership meetings. I was sitting in the back of the room and looking out in front of me and I could count the heads of the number of women present. And it was startling because it was such a visual image – you could pluck the women out. It was like, "Where's Waldo?"

A culture of hoarding talent had also developed at IBM, especially with respect to talented minorities and women. Managers were reluctant to let go of their valuable employees, and these individuals were not acquiring developmental experiences and responsibility in other areas of the company. Many IBMers had spent their entire careers at IBM, and believed that executive management was awarded to talented individuals who had been loyal to the company and paid their dues of many years of service. This had become a problem because the company was losing some of its top talent, especially younger managers who did not see promise in the near future. Also, there was a trend that talented women and minorities would get stuck in functional roles that grew in scope, but not in general management responsibility.

IBM's management worked actively to promote the notion that within IBM, all employees' interests and experiences were the same. The company had managed to remain non-union for eight decades and had created a loyal workforce. Several employees noted that IBM's success at establishing a thick and pervasive corporate culture was at the expense of allowing people to express or embrace their cultural differences and distinctiveness. A minority executive recalls, "anytime there was even a party or a tea or anything that involved a group of women or a group of anybody . . . emails were flying and memos got filed. That was the old IBM . . . they were trying not to have unions."

Since the first meeting when Childs had pitched this diversity task force idea to Gerstner, he had been actively promoting this idea among senior executives, trying to secure enough support to realistically launch the initiative. But there was resistance from all sides. IBM had been a traditionally anti-union company, and many executives blanched at the idea of allowing employees to organize. IBM's lawyers were also wary of the legal implications of the initiative, which could potentially raise sensitive issues around discrimination in the workplace. Other executives felt that by explicitly drawing attention to racial and gender differences among employees, IBM would no longer have a posture of being color and gender-blind. Childs was well aware of the opposition and misgivings regarding the new diversity initiative, but he was determined to see it through. Tom Bouchard, SVP of HR, recalls:

Ted had a number of conversations with very senior people in the company where he just sat down with them and said, "Listen, you don't get it, and you need to get it. And I care about you, and I care about this company, and I care about the people that are affected by the way you are behaving and so I owe it to you to tell you that. And here's how you don't get it. Here's what you need to do to change." And these are people who had many more stripes than Ted. And these are people that, in other companies and at other times, you wouldn't even think about approaching with this issue. Ted had learned over the years to do that with some grace and dignity, and people listened. And that took courage.

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<sup>5</sup> An executive at IBM is a manager who has attained the title of vice president or higher.

After months of behind the scenes meetings, Childs finally managed to convince several top executives to support this initiative, and Gerstner also rendered his support. In the months leading up to launching the task forces, Childs had to make sure that every detail regarding the task force process was nailed down. Bouchard and Childs went back and forth on the organization of the task forces, and made careful selections for task force membership and most importantly, task force leadership. Even in the last few weeks before the official launch, Childs spent most of his time trying to convince the skeptics that galvanizing IBM around diversity was the right thing to do. Not only would it create a more inclusive IBM community, but promoting diversity made good business sense.

## Task Force Structure and Strategy

Eight executive-level task forces were created to broadly represent the constituencies of U.S.-based IBM employees including Asian, Black, Gay and Lesbian, Hispanic, Native American, People with Disabilities (PWD), White Men, and Women. Each of the task forces was assigned an executive sponsor, who was either a direct report of the CEO and/or a member of the WMC. Sponsors were expected to help remove any obstacles that hindered the task forces from completing their work. Aligning the company's senior leaders with the task forces immediately raised their profile, sending a clear message to employees that IBM was serious about the new initiative.

Each of the eight task forces was also assigned two or more co-chairs, executives who belonged to the task force's constituency group. Childs and Tom Bouchard, Senior Vice President for Human Resources, felt strongly that co-chairs should be high-performing, well-respected executives from the core business units. This would ensure that the initiative would not be seen as an "HR program." Before unveiling the task forces, Childs and Bouchard recruited executives for co-chair positions who had the leadership and clout necessary for making the task forces effective. Childs also chose executives who had approached him in the past with personal diversity challenges, encouraging them to get involved to remove the obstacles they had faced for future employees.

In addition to an executive sponsor and co-chairs, each task force had 15-20 members from its constituency, who were executives cutting across different business units within IBM. The Gay and Lesbian, PWD, and Native American task forces had members who were executives and managers because there were not enough executives alone to comprise these taskforces. Each task force member sat on at least one subcommittee, which was dedicated to a particular issue. Staff from HR and the legal departments were also assigned to support each of the task forces. Each task force had the same structure, mission and access to selective human resource data. (See Exhibit 2 for general task force structure)

## Launching the Task Forces

On July 14, 1995, the task force members, co-chairs and sponsors gathered in New York for the official launch of the diversity task force initiative. According to Childs, "We chose July 14, 1995, Bastille Day, as the task force launch day because it's considered to be a day of social disruption. We were looking for some constructive disruption at IBM." The sheer concentration of senior executives and the presence of the CEO had made the launch a high profile event.

When Gerstner addressed the task forces, he imparted the importance of the diversity initiative; "I made sure that employees understood that this was a serious process that was not intended to seek advantage for some at the expense of others. The task forces were intended to provide a forum for people to share ideas, learn from each other, help develop their career

opportunities in the company.” Gerstner also added his own condition to the diversity initiative: the task forces would have six months to conduct their research, otherwise they would be sent to “task force jail!” Each task force would address the same four questions: (1) What is required for your group to feel welcome and valued at IBM? (2) What can IBM do, in partnership with your group, to maximize your group’s productivity? (3) What decisions can IBM make to influence your group’s buying decisions, so that IBM is seen as a solution provider? (4) What outside organizations that represent your group should IBM have a relationship with? At the end of six months, the task forces would reconvene to report their findings and top three to five recommendations, known as the task force’s “vital few.”

Bouchard sent out an email to every IBM employee in the United States announcing the work of the task forces, encouraging employees to respond to the email with their own diversity challenges and recommend specific suggestions for change. Though employees were aware that they would not receive a response to their email, over 2,000 employees replied to the email, sharing personal stories and showing overwhelming support for the initiative. The emails were sorted and channeled to the appropriate task force, giving members an insight into the challenges facing their respective constituencies.

IBM modeled its approach to diversity after the one Gerstner used to address other business initiatives, including IBM’s decision to remain in the mainframe business and become more customer-oriented. Each group would spend the first six months researching the top-line issues and areas for action for its constituency. The task forces had internal and external foci; the internal focus was to assist IBM in assessing and promoting initiatives to benefit the group the task force represented, and the external focus was to assist IBM in identifying and developing external customer business opportunities within their group. The women and Black task forces initial experience is indicative of how the other task forces operated during this six month period.

## Women’s Task Force

Bouchard and Childs recruited a white male SVP of sales and direct report to the CEO to be the sponsor of the women’s task force. The women’s task force was the first to get organized and started in on a comprehensive research survey of women across IBM. One of the challenges the Women’s Task Force faced was separating women’s issues from other task force issues. Creating flexibility on the job and work life initiatives would benefit women with families, but these initiatives would also benefit all of the task force constituencies. Early on, the task force identified career advancement as one of its core issues. However, there was disagreement within the group as to whether executive women, who have children, are able to handle the demands of executive management and family. Some of the task force members felt strongly that being a successful female executive entailed making sacrifices a male executive did not have to make, namely, marriage and/or having children. The task force was well aware of a recent trend of female executives leaving the workforce to raise their children, and also leaving behind the opportunity to realize their full career potential. The team had to reach a consensus on the issue, because without solidarity within the task force, it would be difficult to get support from other senior leaders on the group’s recommendations for change.

The task force did agree that having women in senior leadership positions was simply smart business that would bring about tangible benefits for IBM. The market potential for the women’s constituency was wide open, and the task force had many ideas on how to reach the thousands of untapped female business owners across the United States.





There is a good reason why women invented **suitcases with wheels, scotch guard, and liquid paper**. The fact that buying power is again driven by women, we have women making 51% of all the travel and consumer electronic purchases, so we need to make sure that as we design, develop, and market our products, we don't exclude this population.

—Task force co-chair

After the task force had compiled and analyzed the results of the focus groups, they had their first meeting with their sponsor. When the task force members started sharing what they had learned in the focus groups with their sponsor, he could not believe that women at IBM were actually faced with these issues. The task force co-chair recounts:

It was a reality check that **as a white male, he just didn't get it** - and the women in the meeting were about to revolt. After the meeting, I grabbed our sponsor and told him that he blew it because those women were not telling you how they feel, they were telling you the facts of what they have discovered in the surveys. To his credit, he admitted that he didn't get it and would take another go at it. And he spent hours with the women's task force as we moved forward - it was real recognition for him as a guy to say that I haven't been through this and if this is what is happening, it has to be fixed.

By the end of the 6-month period, the women's task force had accomplished an impressive amount of research. **Its vital few issues included focusing on career advancement and succession planning for high potential female talent, and the formation of network groups for women throughout the organization.** The formation of these network groups was a significant stride forward in changing IBM's strong anti-union culture. The task force also agreed that if female executives decided to have families, it was important for **IBM to create the support structures that would allow for successful work life balance.** The task force also felt strongly that they did not have sufficient time to delve into whether or not there were unique issues for technical women and women of color. To resolve this issue, the task force recommended a steering committee be put in place for each subgroup.

## Black Task Force

Each member of the Black task force was an established executive whose individual experience at IBM influenced his or her perspective on how to improve the culture for future Blacks. The first sponsor for the Black task force was John M. Thompson, SVP of the software group, who showed extraordinary commitment to the group through both his time and willingness to remove barriers to the task force's work. The members had varying opinions on how to best serve their constituency. The majority of the group supported the active recruitment and development of Black talent, creating a system whereby **IBM could be held accountable for promoting a minimum number of Black managers**, and making sure these high potential individuals were receiving the development and mentorship they needed. Others in the task force group were **adamant that this type of affirmative action would undercut the hard earned achievements of minorities whose advancement in the company was based on their talent, not skin color.** **After all, the members of the task force team had been rewarded for their talent and hard work in IBM's meritocracy, not for being Black.**

The task force discovered that most Black employees did not know how executives were developed at IBM. Only a handful of Blacks had made it to the executive ranks. Even if most Black employees did not know what they looked like, their names were legendary: Annette Haile, VP of Delivery Management and Customer Support Operations; John W. Thompson, GM for the Americas; and Gerry Prothro, CIO (also the Black task force's first three co-chairs). The task force agreed that



developing Black managerial talent for executive positions would be a top priority. It recommended designing programs to retain Black professionals and **forming network groups to allow Black professionals to meet one another and form a community.**

The task force also identified **advertising and the stereotyping of Blacks at IBM** as another important issue. At the time, IBM was concentrating very heavily on building the brand image and having a common feel for imagery across IBM. The Black task force pointed out that IBM's current advertising either ignored its constituents or portrayed them in stereotypical ways. For example, most of the advertising featured a white male in roles of authority, and other people supporting him. Such portrayals were typical and IBM was not unique. The task force recommended developing target constituency marketing and advertising campaigns for the Black community inside and outside of IBM.

## White Male Task Force

In the initial phase of setting up the task forces, there had been strong disagreement as to whether a White Male task force should be created along side the other task forces. Child wanted to create a White Male task force, and he felt strongly that the white male constituency should be included in the diversity task forces. He had observed that in the United States, many white men felt like they had **been penalized by affirmative action policies**, and this had resulted in a political **backlash from white men against affirmative action.**<sup>6</sup> In Child's mind, it was this disenfranchisement of white men that made it imperative to include them in the task force process.

When the White Male task force reported their recommendations, it made a powerful impact on the rest of the task forces. The White Male task force did not want the other constituencies to think that white men were the problem—the notion that if you 'fix the white guys,' then the problems of the rest of the constituencies would be solved. In fact, the White Male task force recognized that the marketplace was changing, demographics were shifting, and it would be important to have executives who did not uniformly look like them. That is why the White Male task force wanted the other groups to see white men as part of the diversity solution, instead of the root of the problem.

## The Reporting Meeting

On December 1, the anniversary of Rosa Park's refusal to give up her seat on a bus in Montgomery, Alabama, each of the task force's shared its top insights and observations, and recommendations for change. Childs pulled together the top diversity priorities from all the task forces by identifying common issues that were raised by all of them. These included diversity within development and succession planning initiatives; corporate communication of and commitment to diversity at senior levels; and bolstering the company's diversity recruiting efforts. (see **Exhibit 3** for each task force's vital few issues)

One of the key results of the initial reporting meeting was the unanimous recommendation that IBM establish diversity councils beyond the executive level, to allow other IBM employees to connect with one other and get involved in the process. As a result, diversity councils and employee network groups were created. Diversity councils had a membership of employees across multiple

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<sup>6</sup> ABC News/The Washington Post. ABC NEWS/WASHINGTON POST POLL, MARCH 1995 [Computer file]. ICPSR version. Radnor, PA: Chilton Research Services [producer], 1995. Ann Arbor, MI: Inter-university Consortium for Political and Social Research [distributor], 2004.

constituencies, and were business-unit specific and directed by management. Their role at the business unit level was similar to the task forces at the corporate level. The employee network groups were employee driven and had a broader scope. These groups enabled employees of similar groups to interact with each other, either face-to-face or electronically, to discuss issues of mutual interest. Gerstner decided to maintain the task forces after the six-month period, and Childs, with input from the executives, would have final approval over initiatives proposed by the task forces going forward.

## Changing the Workplace

### *Women Constituency*

Like the Black task force, the Women's task force wanted to address the dearth of technical women in IBM's pipeline. With the recommendation of the Women in Technology (WIT) Steering Committee, in 2000 the Women's task force initiated IBM into MentorNet, a national program for e-mentoring, which paired IBM female technical talent with hundreds of high-potential female university students in science and computer disciplines. The task force also created WIT chapters, comprised of women engineers, and launched the Exploring Interests in Technology and Engineering (EXITE) camps for middle school girls. Female IBMers in technology would conduct camps every year, in which female students would be introduced to science and technology through hands on experiments and workshops. The female IBMers also mentored the middle school students after the conclusion of the camps in the hopes of developing and sustaining the girls' keen interest in science. Since 1999, approximately 4,000 young girls in 20 countries were reached through the EXITE camps, and its success led to more camps being offered around the world.

To improve work life balance for female employees, the women's task force pressed IBM to conduct work/life surveys outside the U.S. In 1998, Europe, Middle East and Africa (EMEA), and Latin America (LA) conducted work/life surveys for the first time, followed by Asia-Pacific (AP) in 1999. The data supported that work/life was not simply a U.S. issue, and IBM conducted its first global work life survey in 2001. The survey touched 25,822 IBM employees from 48 countries. The results of the survey led to the Global Work Life strategy with three components: culture, dependent care, and flexibility. IBM created country specific work-life strategies in 18 countries that were home to 90% of IBM's 320,000 employees, including 74 day-care centers, 11 of which were outside the United States. The women's task force also worked with HR to create regular part-time employment, which greatly improved the work life balance for IBMers with families.

The Women's task force expanded globally in 1997 when a global women leaders conference was held for 81 women leaders from 19 countries. This inaugural session set the stage for an extensive global strategy for the advancement of women.

### *Black Constituency*

When the Black task force was first established, there was a buzz of excitement in IBM's Black community. Employees who had initially thought that the task force initiative was just lip service quickly began to realize that the task forces were serious, and that very senior level executives, like the Black task force sponsor, wanted to develop Black executives. High potential Black managers were assigned mentors, and the whole process started moving forward.

Through my friends, I would hear, "I have a real mentor, not somebody that is just giving me advice on how to dress nicely, or be on time and do things that you would learn from a big

brother or sister. They had mentors who were saying, "you need to learn how to use spreadsheets," or "you need to go to a class at Cornell or Johns Hopkins,"- these were mentors who were going to make it happen.

— Black Manager

Shortly after the task force started its work, Black employees started getting promoted within IBM. One Black marketing executive was promoted to GM of Marketing for IBM Americas. This was an important appointment because this position had been a stepping-stone for several of IBM's past CEOs on their way up to the top job.

The Black task force advanced several initiatives to address its vital few issues. To increase the number of Black professionals, the task force channeled resources into an educational program called INROADS, a non-profit organization which develops and places talented minority high school and university students into engineering and computer science fields.

IBM became INROADS' largest corporate sponsor, hiring over 336 interns worldwide in 2001 and 2002, of which 100 were hired as employees. To enrich the IBM experience for Black employees and improve retention, the task force created Black Executive Network Groups; the Black Executive Mentoring Program; the UCLA African American Executive Forum, a development program for high potential black managers; and the "Welcome Wagon," a program in which Black executives would establish a relationship with Black new professional hires through phone calls and personal visits. The task force also introduced the National Black Family Technology Awareness Week to impart the importance of technology in professional development, and education of children to the Black and Hispanic communities. Through technology events, such as cyber workshops, over 38 million people were reached.

### *White Male Constituency*

By 1998, all the task forces except for White Male had been actively creating network groups. Childs and his team wondered why there had been no initiative from this group to start organizing. After speaking to several members of the task force, it became clear that they did not want to create network groups that would call attention to their identity as white men. As a result, in 1998, the White Male task force changed its name to the Men's Task force. By 2004, it had developed 4 network groups within the United States and started organizing conferences on work/life balance with a focus on men balancing the demands of work with the responsibilities of being a father and husband.

### *Other Constituencies*

In 2000, the Gay and Lesbian task force changed its name to Gay Lesbian Bisexual and Transgender (GLBT) to be more inclusive. One of the landmark accomplishments of the GLBT task force was securing Domestic Partner Benefits, approved by IBM in 1996. The number of employees with domestic partners enrolled tripled from 200 in 1997 to approximately 500 in 2003. The Hispanic task force made strides to bridge the digital divide through La Familia Technology Awareness Week, a series of initiatives, which enabled Hispanics to become more technologically proficient. The Asian task force put forth the Asian Value Proposition, which was a report that made a case for the attraction, retention, and development of Asian employees at IBM – Asians comprise 4.5% of the U.S. population, and 9.4% of U.S. IBMers, but account for 33% of IBM's PhDs. The PWD task force suggested designing IBM's products with built-in accessibility as a market strategy to appeal to a broad range of consumers outside of IBM.

### *The Five-Minute Drill*

Bouchard had noted at the task force reporting meeting that the development of executives was a goal of all of the task forces. One initiative that he had started within his group, the “five minute drill,” had vastly improved the process by which executives were reviewed and promoted. At the beginning of his meetings with executives, Bouchard would quickly run down the list of high potential talent in his area, check in with his team to find out how they were performing, and what was being done to ensure that they were receiving the developmental experiences to groom them for future promotions. When a position did open up, team members would evaluate all the candidates and choose the person who was best suited for the position.

However, in other executive levels of the company, managers would nominate employees in their own units for promotions, instead of casting a wider net across the company. Minority and women were underrepresented in these high-potential slates, partly because some of them had not advanced enough in their careers to be considered for certain positions. According to a Black executive,

People naturally will hire and promote people like themselves. It's just nature. If you're from a slightly different culture, or you participate in things that are different than what your management participates in, then you won't get the nod. Of equals, the person they're more familiar with will get the nod. So I think before '95 that was always an issue at IBM.

Gerstner thought that the five-minute drill was a great idea, and like Bouchard, felt that the executive selection process could be more objective. Gerstner started asking his executive team members to defend their choices for promotions during the five-minute drill, and started asking why minority and female talent was not showing up on the slates. In his mind, if minority and females were not ready for the executive ranks, then it would be the responsibility of the senior team to groom them now for future promotions.

Witnessing the success of the five-minute drill in the senior executive team meetings, Bouchard decided to push it down to other levels of the organization. Bouchard would get in front of the senior management meetings, and the next level down, to talk about the five-minute drill. Once executives started to emphasize the importance of diversity, senior managers started the five-minute drill with the next level down, the third-line managers. Then the directors started to pay attention and pushed it down even further. When a slate turned up without enough minority and female candidates, it was not good enough to say that these individuals were not qualified. Managers would need to identify high potential minority and female talent at all levels of their organizations, and ensure that these individuals were assigned mentors and were getting the developmental opportunities and grooming that high potential talent at higher levels were receiving. Slowly, managers started to find that their candidate slates were expanding to include high-potential talent from other parts of the company, within and outside the U.S., as well as more demographic and cultural diversity.

I think, after '95, what I believe happens now is people ask themselves this question: “If I close my eyes and look beyond the physical or cultural differences, who are the people that should be getting these promotions or advancement?” They are being trained to be leaders, and they're trying to make selections independent of race or creed, color or culture, or even sexual orientation now, which is important as well. So I think I've seen an effort, after the awareness had been established, that they really are trying to make a difference.

— Black Executive



## Senior Management Engagement

In addition to the leadership of the task force sponsors and co-chairs, senior executives at IBM played a key role in sustaining the diversity initiative and initiating change in other areas of the business. The WMC Partners, the original 35 of the 53 members of the WMC who sponsored the task forces, played an advisory role, providing a sounding board for the task forces' challenges, connecting them to the right people at IBM, advocating for issues, and keeping visibility on these issues at a high level. The recruitment and development of minority executives was an issue that the WMC supported, parlaying the effort down to many levels of the business.

As senior executives, we knew that when you empower people from the constituency group, they're going to go do something. We helped put it in a management system, creating checkpoints we could measure our leaders against. And because it's put into the management system, it becomes part of what you do as a business leader, and in our case, you have to have a plan and show results. You need to show candidates on your slate and recruit more. Managers will manage to what they're expected to – what they're measured against. And I think that maybe not every organization is ready for that, but at IBM it's part of our cultural DNA.

—WMC Partner

Involvement in the diversity initiative for other senior executives was also very rewarding on a personal level.

As a result of my role on the PWD task force, I became a member of the Gallaudet University Board (university for the deaf and hearing-impaired). I would have never thought of it otherwise. Since Gallaudet is focusing particularly on accessibility, IBM can help in a lot of ways with technology for accessibility and Gallaudet turns out to be, for the sub-set of people with disabilities that are hearing impaired, a terrific place to prototype solutions in this space. And so this has been a personal awakening. These are really interesting and difficult problems that I can contribute to.

—PWD Sponsor

## Bridge to the Marketplace

At the reporting meeting, the Women's task force had made the recommendation to develop a marketing strategy aimed specifically at female small-business owners. IBM's marketing team approached the Women's task force to partner with them on this initiative, seeking their input and expertise on the female constituency. The success of the collaboration caught the company's attention.

Realizing the untapped market potential identified by the task forces, IBM's Sales and Marketing divisions created a separate sales group dedicated to developing the market opportunities recommended by the task forces. In 1996, the Market Development Group (MDG) was formed, headed by Rai Cockfield. Cockfield was an established Black executive at IBM. As head of MDG, Cockfield became responsible for developing IBM's markets for businesses owned by women, Asians, Blacks, Hispanics, Native Americans, PWD, gays, lesbians, and mature 50-plus consumers.

Initially, the sales and marketing heads wanted to put MDG under Human Resources. Cockfield was against it—"when they hit me with that, I said, well then, I guess MDG is not really a sales

organization because I don't think there's anybody in HR who knows anything about sales." MDG was subsequently placed under the umbrella of sales, and Cockfield reported into the Vice President of Small and Medium Business, who had sales responsibility for all of the Americas. The MDG team consisted of 12 people from sales and marketing who were matrixed to the entire sales and IBM.com organizations.

## *Advertising*

When MDG first started, Cockfield wanted to focus on how IBM could better serve the task force constituencies as markets. The task forces had given IBM a poor rating on how well the company had served their constituencies as markets. When Cockfield asked for suggestions, the task forces pointed to advertising as a good place to start.

Marketing communications had pulled together a 2-page ad for the March 1996 issue of *Black Enterprise*. It featured a professional Black woman with the tag line, "how can you forget your mother's email address? She carried you. She cared for you. She cooked lasagna just the way you liked it."

Cockfield was baffled by the ad and wanted to know the thought process behind it. He asked the creator of the ad, "of all the foods that you could have picked, **how did you pick lasagna?**" The ad executive replied, "I wanted to make sure I picked a food that didn't stereotype or anger Blacks. And I just thought lasagna was a safe food." Cockfield explained,

Don't tell me, I'll bet you are from New York. And he asked me how I knew, and I told him that I was from South Carolina, and was probably 17 years old before I knew that there was something called lasagna, and that was when I spent time in New York. The ad showed how there was the greatest intention to do the right thing and not be offensive or in any way stereotype people, and yet it totally missed the mark.

MDG established a partnership with the task forces, seeking their input when it created an entire ad campaign that had constituency-focused advertising. One ad in particular featured Curtis Mayfield, a Black musician, songwriter, and producer who had become a quadriplegic in 1990 after a tragic accident. The ad won several awards in the advertising community because it addressed Blacks, spoke to people over 50 and individuals with disabilities. (See **Exhibit 4** for IBM's Curtis Mayfield ad)

## *Building Business Partnerships*

MDG also discovered that minority small business owners were encountering difficulties when trying to buy IT products from IBM. For example, a Black business owner with a small business in the Bronx would call and speak to one of the IBM.com representatives, looking to buy PCs. The IBM.com representative would size up the small business and find it to be too small for IBM, and would then refer the small business owner to one of IBM's outside business partners in New Jersey. The small business owner would contact IBM's business partner in New Jersey, and during the conversation, the business partner would learn that the small business was located in the South Bronx. At this point in the conversation, the business partner backed away and said, "I just don't get to the Bronx that much, but I know what you want, and let me think about it and I'll get back to you." Needless to say, the small business owner never heard back from the business partner.

When Cockfield heard these stories from various minority small business owners, he knew that the only way to change the system was to establish another set of business partners. The traditional

IBM business partner environment consisted of many former IBMers, but many of them were looking for low-hanging fruit and quick sales, and as a result, the smaller businesses were being ignored. "This is sheer lunacy because here we are trying to sell all of these products and here's a guy who wants to buy, but can't get through."

MDG organized a class in the Palisades area in New York, and brought together 150 Black, women, and Hispanic-owned businesses in the IT area. On the IBM side, MDG brought in IBMers who had business partner programs and let them pitch to the group. **Many of the minority IT businesses were thrilled to be associated with IBM,** because generating business represented a huge expense for their firms. For MDG, this was a win-win situation because IBM was helping the small business partners with generating business, and their small business leads were getting handled. The program resulted in 53 new business partners who represented task force constituencies signing on with IBM by the end of 1997.

## *PX Program*

In 2001, the Partnership Executive Program for Black-owned businesses was created. In an effort to build stronger customer sales relationships, top Black executives at IBM were assigned to the largest 17 Black-owned business accounts, to foster new relationships. Similar to the PX program, the Business Alliance Program (BAP) was established in 2002 to include the top 125 top Black-owned businesses, assigned to a total of 125 Black executives. The PX and BAP programs combined generated several million dollars. BAP was also expanded to include the Women, Hispanic, and Asian market segments.

## *Segmented Marketing*

Within MDG, a manager was assigned to each constituency or segment, and was responsible for understanding that segment's market and building relationships. If MDG focused on six states: New York, Florida, Michigan, Illinois, Texas and California, it would reach 85% of its target businesses for Blacks, Asians and women. Specifically, MDG was looking for companies with 100 employees or more or \$20 million in revenue. There were roughly 6,500 businesses that fell into this category, and MDG wanted to know from each segment, where is that company? Who runs it? Have we talked to them? If not, why?

Cockfield understood the strategic importance of marketing to the task force constituencies:

If you look at Blacks, Asians, Hispanics and Native Americans, we have a population of 85 million and a buying power of \$1.2 trillion. And if you were a nation with a GDP of \$1.2 trillion, you would rank 7<sup>th</sup> in the world—Germany, one of our favored trading partners, has a population of 83 million. The buying power of Blacks alone is almost equivalent to the GDP of Canada (\$608 billion). And so that's what we do when we go around, is we tell the IBMers, this is real stuff and we need to pay attention.

In the five years since MDG's inception, IBM invested several million in constituent marketing campaigns, and was able to recoup approximately two and a half times its initial investment in revenue through product purchases by multicultural businesses. In 2001, Cockfield started integrating MDG's activities into the general sales force. When a lead would arise, MDG would pass it on to the sales division or the constituency business partners, depending on the size of the deal. The constituency business partners were also integrated into the general business partner network and in each geographic territory, a business partner manager would ensure that leads were distributed equitably.

*Accessibility as a Competitive Advantage*

In 1998, the U.S. Congress passed an amendment to the Rehabilitation Act, called Section 508, that would require governmental agencies to make their technology accessible to people with disabilities. Section 508 also supported the development of technologies that would help bridge the technology gap for persons with disabilities, eliminating the barriers in information technology to create new opportunities for people with disabilities, and to encourage development of technologies that would help achieve these goals.<sup>7</sup>

In the late 1990's, the PWD task force had been focusing on making sure that IBM was compliant with workplace accessibility and Section 508. But by 1999, the PWD task force wanted to take the leap from compliance to the marketplace, and had put together a proposal whereby IBM would go beyond meeting Section 508 requirements and introduce accessibility at all product levels, not only hardware and software products, but all the way up to the mainframe. In a historic meeting with new IBM CEO Palmisano, SVP of HR Randy McDonald, Childs and several senior executives, the PWD task force co-chairs pitched its proposal and vied for IBM exceeding its current levels of compliance. Palmisano gave the PWD the green light to take accessibility to market, starting a new business area for IBM.

In 2001, PWD launched its business and in 2002, it established a worldwide accessibility project office to ensure that accessibility is being built into IBM's products and solutions all around the world.

**The New IBM**

Palmisano decided to keep the task forces going after their continued success in the late 1990's. Randy McDonald, the new SVP of HR, and Childs would be responsible for managing the initiative, meeting with the task force co-chairs periodically to gauge progress. The task forces had successfully increased workforce diversity. The total number of Black executives grew from 62 in 1995 to 138 in 2003. Since 1995, globally, the number of women executives had increased by 370% from 185 to 855. The number of non-U.S. women executives also increased significantly, where non-U.S. women representation increased from 2.4% (6) of women executives to 20% (160) in 2004. Diversity in the WMC had also increased; of the 49 members in 2003, 25 or 51% were minorities, women or non-U.S. born. (See **Exhibit 5** for the percent change in minority and women executives and **Exhibit 6** for the percent change in global women executives from year end 1995 to second quarter 2004) In the late 1990's, many minority employees felt that there had been a palpable change in IBM's culture:

The culture at IBM has changed in that diversity is more openly discussed. There's less fear of the discussion. The other thing is, any discrimination is dealt with and the resolution is driven very quickly. Before, I think, it was much easier to sweep it under the rug, especially for minorities and women. Today, I think people are less afraid of bringing issues forward. It also allowed for a venue for talent to be discussed, available talent to be discussed beyond just the area that you happen to be in, so we're able to make better progress in finding new opportunities and combining our efforts to make a difference.

— Black Executive

<sup>7</sup>Center for IT Accommodation (CITA), Office of Government-wide Policy website, < <http://www.section508.gov/index.cfm> >

I think for women even 10 years ago, there was a feeling that they had to be a certain type. They had to act a certain way in order to blend in or they wouldn't be successful. And now I think they have enough role models of people who have different styles and yet they're very effective in their own way. And that's very important.

—Female Executive

I think probably the most significant change in the culture is how much these issues were visibly talked about at all levels of the organization. The task forces got the subject on the table where it was discussed not just at an annual diversity meeting, but also was discussed at a much deeper level at executive resource reviews, technical resource reviews, recruiting, and in all the other aspects that are out there.

—White Male Executive

## Challenges Ahead

In 2004, IBM still maintained its executive level task forces, totaling 9 years since their inception in 1995. There had been a shift in focus from research on the constituencies and their needs, to a more initiative oriented approach. (See **Exhibit 7** for the 2002 task force vital few) Each task force had its own unique structure and style of leadership, and there were too many initiatives springing forth from all the task forces to keep track of them all. In particular, the PWD, Women's, and GLBT task forces had evolved global organizations, with diversity councils and programs worldwide.

Childs and his team were working on creating a global diversity strategy that would take the U.S. centered task force initiative and apply it to all of IBM's locations around the world. (See **Exhibit 8** for the roadmap to global issues) Each of IBM's three major areas, the Americas, Asia-Pacific and EMEA (Europe, Middle East and Africa), were already responsible for holding all of its locations to the same high standard of equal opportunity and inclusion. But this was proving to be a much more challenging endeavor than Childs had anticipated. The U.S. centric task force model had focused on eight constituencies that were contained within a single country under one political system. But **each of IBM's locations differed in its minority group composition, and certain locations also had the added layer of political diversity.** For example, IBM Europe had many countries with varied political systems and workforce compositions contained within the same continent—how could Childs effectively apply the U.S. model to Europe and still have it be relevant in that context?

There was also the issue of cultural and religious diversity. How would IBM maintain cultural sensitivity while trying to implement a universally embraceable set of corporate values without being seen as imposing American cultural values in other countries? For example, **certain IBM locations would oppose the creation of a GLBT network group, such as Singapore, where homosexuality is considered illegal.** Other global challenges included building accessibility into IBM's locations worldwide, extended Domestic Partner benefits, and creating a globally inclusive workplace. As **Childs grappled with these issues, he wondered, realistically, would he be able to implement a global diversity strategy?**



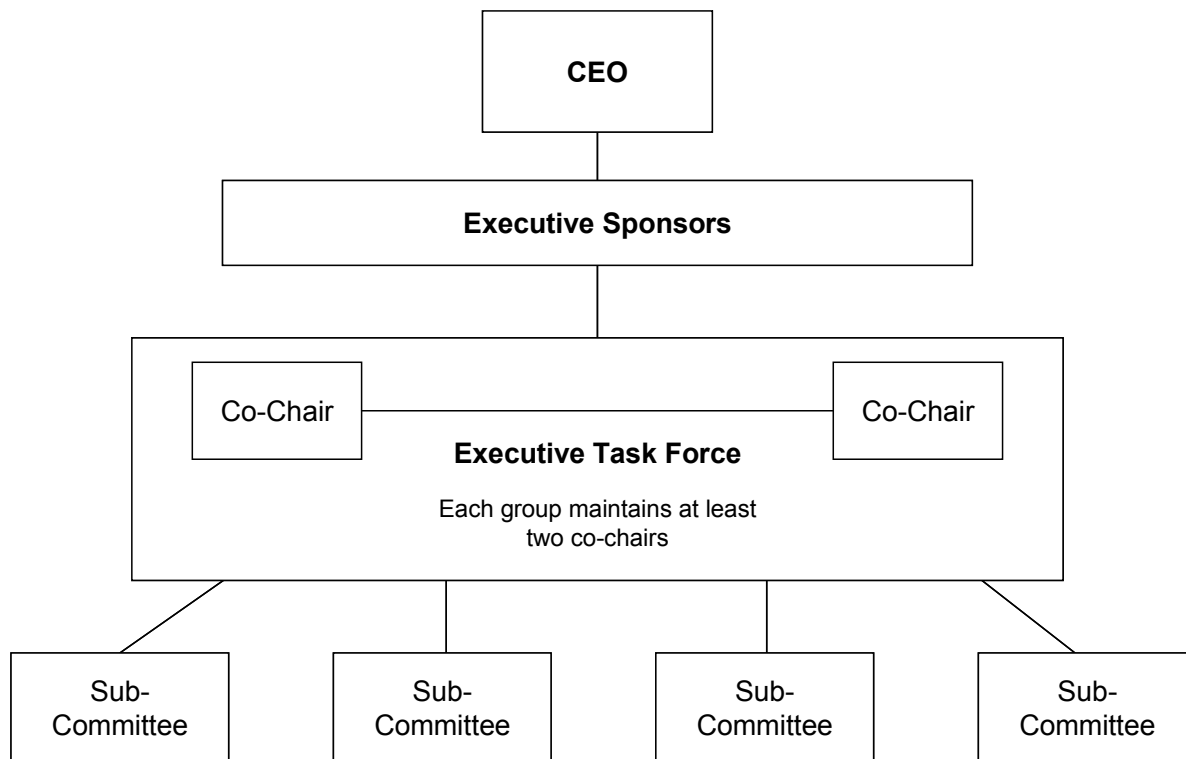
## Exhibit 1 History of Diversity at IBM

1899	IBM hired three women, Emma Manske, Nettie Moore, and Lilly Philp, 20 years before women were given the right to vote. IBM hired its first Black employee, Richard MacGregor, 10 years before the National Association for the Advancement of Colored People was founded and 36 years after signing the Emancipation Proclamation.
1914	IBM hired its first employee with a disability, 76 years before the Americans with Disabilities Act.
1935	IBM recruited its first professional woman. T. J. Watson, Sr., IBM's founder, said, "Men and women will do the same kind of work for equal pay. They will have the same treatment, the same responsibilities and the same opportunity for advancement." 28 years before the Equal Pay Act.
1943	IBM appointed its first female vice president - Ruth Leach.
1944	IBM was the first company to support the United Negro College Fund.
1946	IBM hired its first Black salesman - Tom Laster.
1953	IBM's first written Equal Opportunity Policy called for equal opportunity in hiring "Regardless of race, color, or creed." This policy was signed by T. J. Watson, Jr., and written as a result of IBM's building manufacturing plants in the South. He said there would be, "No separate, but equal facilities" - - - one year before the Brown decision ending "separate but equal" in public education, and 11 years ahead of the 1964 Civil Rights Act.
1972	IBM CEO T. Vincent Learson hosted a one-day meeting on women's workplace issues in IBM.
1974	IBM helped to create the Hispanic Leadership Fund.
1984	IBM added sexual orientation to its nondiscrimination profile.
1986	IBM conducts its first work life survey.
1989	IBM announces \$25 million Fund for Dependent Care Initiatives (FDCI) for 1990 – 1994.
1991	IBM is one of eleven Champion companies to form the American Business Collaboration for Quality Dependent Care.
1995	Lou Gerstner authorized 'relaxed dress code', appropriate for type of work - - customers, internal etc. IBM replenishes FCDI with \$50 million for 1995 – 2000.
1996	IBM implemented domestic partner benefits.

- 1998** The first Work Life survey conducted in Latin America.
- 2001** IBM announces a \$50 million Global Work-Life Fund (GWLFF) for 2001 – 2005, supporting employee child and elder care needs, with a commitment to spend 60% outside the U.S.
- IBM conducts the world's first global Work Life survey in 20 languages across 48 countries, with 26,000 employees participating and generating 59,000 write-in comments.
- 2002** IBM documented its support of ENDA (Employment Non-Discrimination Act) - act that would create a new federal anti-discrimination law that would prohibit an employer, with 15 or more employees, from making a decision to hire, fire, promote or pay a person based on his or her sexual orientation.
- 2002** IBM added the terms "gender identity and expression" to our U.S. EO letter, and "sexual orientation, gender identity and expression," are now part of our global letter.
- 2002** IBM spearheads PWD marketing initiative on accessibility.
- 2003** IBM files amicus brief to U.S. Supreme Court regarding University of Michigan's affirmative action case in partnership with the Massachusetts Institute of Technology, Stanford University, DuPont Inc., the National Action Council for Minorities and Engineering, the National Academy of Science, and the National Academy of Engineering.

Source: Created by casewriter from company documents.

**Exhibit 2** General Structure of an IBM Diversity Task Force



Source: Created by casewriter from company documents.

**Exhibit 3** IBM Task Force "Vital Few" for 1995

<b>Black</b>	Representation / Retention / Network Groups Education / Training Target Advertising / Marketing
<b>Women</b>	Network Groups / Career Advancement / Succession Planning
<b>Native American</b>	Staffing / Community Outreach / Network Groups
<b>Gays and Lesbian</b>	Domestic Partner Benefits Education / Training / Network Groups Target Advertising / Marketing
<b>People With Disabilities</b>	Staffing / Target Advertising / Marketing Centralized Fund for accommodations / Benefits Review (enhance) New World HQ Building / Self Identify Audit Network Groups
<b>White Male</b>	Executive Management Accountability Education / Awareness / Aging Work/Life Balance
<b>Hispanic</b>	Staffing (Campus Image) Employee Development / Pipeline Target Advertising / Marketing
<b>Asian</b>	Stereotyping Network Groups / Mentor Programs Employee Development / Pipeline Target Advertising / Marketing

Source: Created by casewriter from company documents.

## Exhibit 4 Curtis Mayfield Ad



*"Words are the musical notes of our lives."*

*Curtis Mayfield,  
Grammy Award-winning writer, singer, producer,  
musician, storyteller and entrepreneur.*

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When you've got as much to say as Curtis Mayfield, nothing should stop your creativity or business. Not even an unexpected disability. In 1990, when Curtis found himself paralyzed from the neck down, he refused to let the accident stop him. Today, his career continues to thrive, his business hasn't missed a beat, and a computer has become one of his instruments. Now he has an IBM Aptiva® outfitted with IBM VoiceType® software.

IBM's VoiceType software lets anyone take control of their desktop without having to touch the keyboard or mouse or having to see the screen. Simple voice commands

do it all. Type. Calculate. Edit data. Send e-mail. And, if you are a musician like Curtis Mayfield, even compose music and write lyrics. And, this can help a legend like Curtis keep on pushing, so that he never stops. Nor does his music.

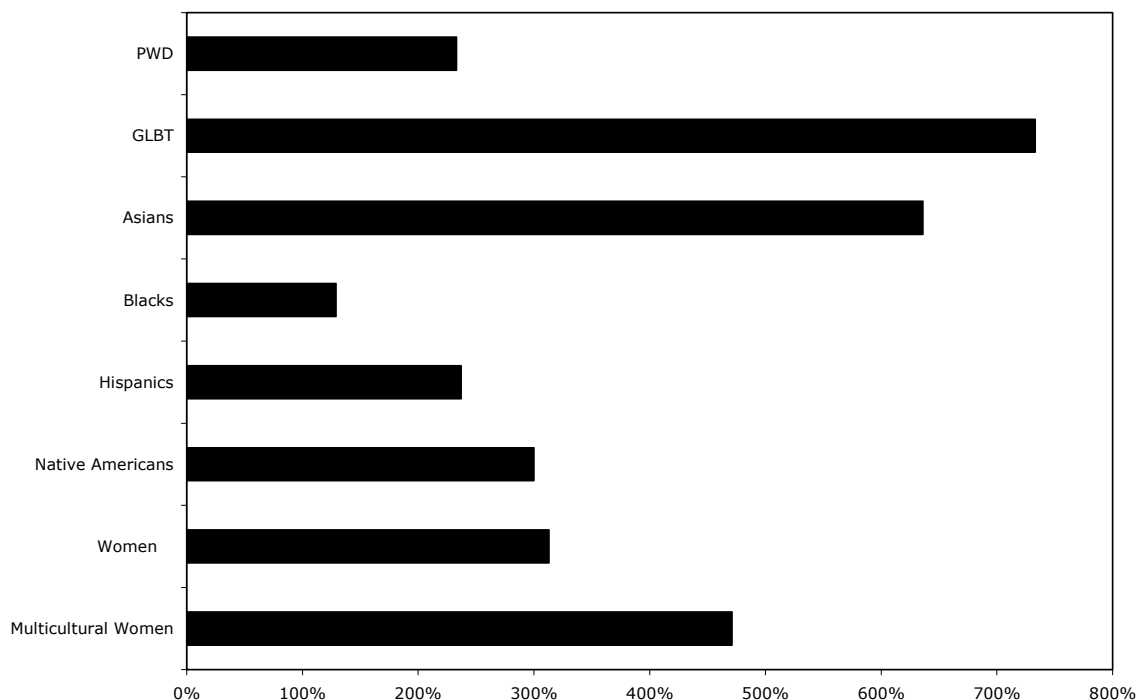
To learn more about IBM's VoiceType technology, just visit [www.software.ibm.com/is/voicetype](http://www.software.ibm.com/is/voicetype). Or call 1 800 IBM-TALK2ME.

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Source: Company documents.

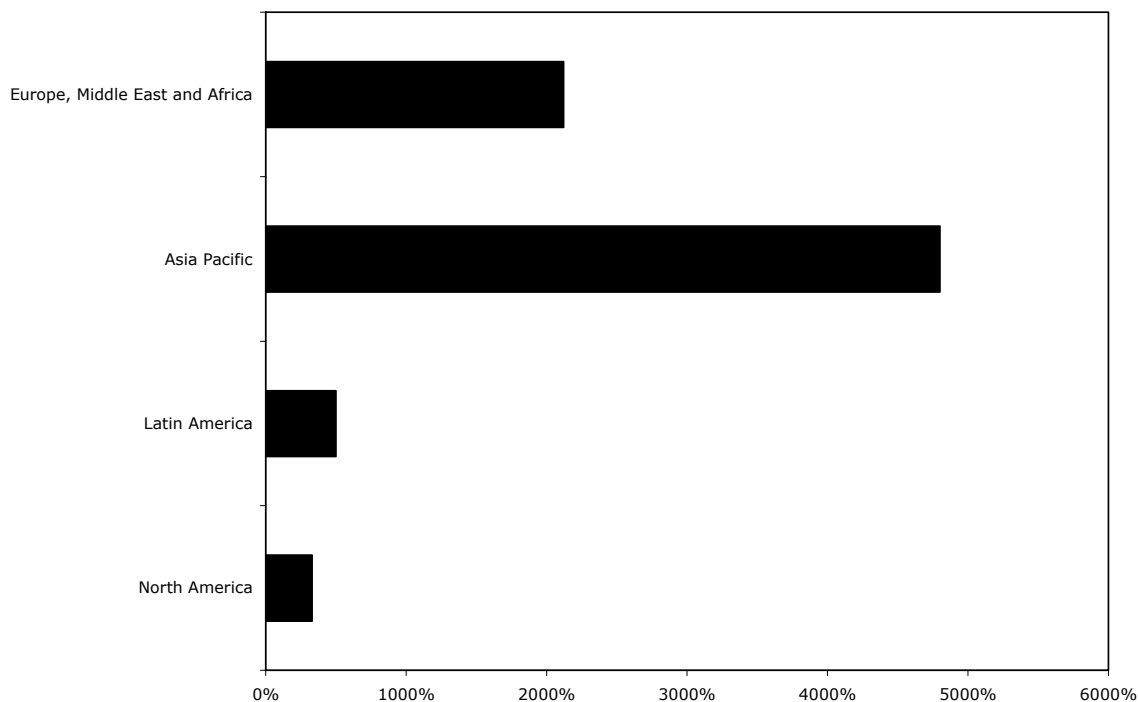


**Exhibit 5** Percent Change in Task Force Constituency Executives at IBM U.S.A, Year End 1995–Second Quarter 2004



	YE 1995	2Q2004
Multicultural Women	17	97
Women	178	735
Native Americans	3	12
Hispanics	27	91
Blacks	62	142
Asians	25	184
GLBT	3	25
PWD	3	10

Source: Created by casewriter from company documents.

**Exhibit 6** Percent Change in Global Female Executives, Year End 1995–Second Quarter 2004

	YE 1995	2Q2004
North America	179	770
Latin America	0	5
Asia Pacific	1	49
Europe, Middle East and Africa	5	111

Source: Created by casewriter from company documents.

Exhibit 7 IBM Task Force "Vital Few" for 2002

<b>Black</b>	Employer Hiring, Development, Retention and Advancement, Partnership with WMC Customer/Investor, Black Market Place focus on Black Community
<b>Women</b>	Create IBM's Value Proposition for Women in Business Change the Work Environment to Promote Growth in the Pipeline, Create a Culture which Values Flexibility more than Mobility, Continued Focus on Women in Technology and Multicultural Women
<b>Native American</b>	Increase Native American Executive Leadership, Visibility, Participation, Numbers, Create Employment Opportunities. IBM Visibility on Reservations, Engage Market Development
<b>Gays and Lesbian</b>	Global Workplace Climate, Policy Letters, Imperatives, Communications, Parity in Benefits Leadership Development., CERIS Indicator, Leadership Conference, Leadership Seminars, Increase Executives HRC Partnership, Sponsorship, IT Provider, Joint Seminars, Partnerships w/Tier 1 GLBT Organization, Increased Global Attributable Revenue by 20% YTY
<b>People With Disabilities</b>	Attitude in Hiring, Executive Resources Accessibility, Marketplace Strategy Accommodations, Workplace, Building
<b>Men</b>	Work/Life Management
<b>Hispanic</b>	Maximize Leadership Development of IBM Hispanic Talent Increase Executive Leadership, Visibility, Participation, Numbers Increase Hispanic professional and college talent coming into IBM, Increase 'pathway' of Hispanic engineers & scientists by focusing on K-12 education in math/science, technology & high school graduation
<b>Asian</b>	Pipeline: Retain Asian Talent, Maximize Career Potential & Aspirations of Asians Cultural Issues Enhance and Communicate IBM's Asian Diversity Image, Leadership Training Marketplace: Develop Closer Relationship with Asian Marketplace

Source: Created by casewriter from company documents.

## Exhibit 8 Roadmap to Global Issues

**Global Workforce Diversity Imperatives**

<b>Global Marketplace</b>
<b>Commitment to Equal Opportunity</b>
<b>Advancement of Women</b>
<b>Diversity of Management Team</b>
<b>Cultural Awareness/Acceptance</b> Ethnic Minorities Multi-Lingualism Individual Differences
<b>Integrating the Workplace &amp; the Marketplace</b> People with Disabilities Gay, Lesbian, Bisexual, Transgender
<b>Work / Life Balance</b> Culture Flexibility Dependent Care

Source: Created by casewriter from company documents.