HUMAN RESOURCES IN IBM

The men and women around the world employed by International Business Machines have always been its paramount priority. For example, IBM's founder, Thomas J. Watson, told employees in October 1926: "They say a man is known for the company he keeps. We say in our business that a company is known by the men it keeps."

The value placed on IBM employees was codified in one of IBM's three fundamental principles. In 1969, IBM Chairman Thomas J. Watson, Jr., wrote to his management team: "Our basic belief is *respect for the individual*, for his rights and dignity. It follows from this principle that IBM should: help each employee to develop his potential and make the best use of his abilities; pay and promote on merit; and maintain two-way communications between manager and employee, with an opportunity for a fair hearing and equitable settlement of disagreements." IBM managers historically have devoted more time to their people than to the company's products or anything else. As Tom Watson said in 1957: "There are many things I would like IBM to be known for, but no matter how big we become, I want this company to be known as the company which has the greatest respect for the individual."

Over the years, IBM has implemented a number of innovative programs, policies and practices that demonstrate and sustain respect for its employees. Among them are the "Open Door" policy, the Speak Up! program, comprehensive employee opinion surveys, and effective internal communications and informational media, such as *Business Machines* and *Think* magazines, daily bulletin board announcements, PROFS and the intranet.

The following pages outline just a few of the more recent steps IBM has taken to acquire and retain the quality people it needs to ensure the company's continued success.

IBM Recruiting

- IBM is committed to a diversified workforce and actively seeks qualified candidates who reflect the many markets we serve, including women, minorities, people with disabilities, and gays and lesbians.
- Each year, IBM recruiters attend more than 40 diversity-focused conferences and career fairs to recruit from these constituencies.
- IBM's innovative "Why work?" marketing campaign, which began in the spring of 1999, is designed to reach the best and brightest campus and professional talent through a compelling dialogue about IBM's strengths: its people, the work, the rewards, and its global presence. The recruiting campaign asks a series of provocative questions to get candidates to better evaluate their goals in seeking an employer.

Minority Recruiting/People with Disabilities
- IBM is working to promote the benefits of careers in technology in the African American community in cooperation with Career Communications Group, a Baltimore-based minority

publishing company. IBM served as lead sponsor of the second annual Black Family Technology Awareness Week and has committed to sponsorship through 2002.

- IBM's Project View, a national university recruitment program, targets graduating seniors of diverse backgrounds for employment in a variety of technical fields.
- IBM is an active participant in Entry Point, a program sponsored by the American Association for the Advancement of Science, IBM and NASA, dedicated to placing disabled young people in business and industry and preparing them for corporate and community leadership.
- IBM's Project Able is an effort to significantly increase the representation of disabled employees at IBM. The program's goals include establishing a network of "champions" for disabled employees throughout the company.
- In 1999 -- for the second year in a row -- WE Magazine recognized IBM as the best employer in America for people with disabilities.

Co-ops/Internships
- IBM hires approximately 3,500 co-op students and interns each year. Of these students, approximately 80 percent are from technical disciplines. Additional areas of focus include students with business, finance, human resources or Masters of Business Administration degrees. IBM's goal is to obtain 40 percent of its university hires from within the pool of candidates who work as interns and co-op students.

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Work/Life Balance

- In 1984, IBM became the first major employer in the nation to establish a dependent care network for its employees.
- In July 2000, the company announced the creation of a five year, $50 million global fund to develop and support work/life programs in communities where its employees live and work. Programs range from new child care centers and science/technology camps for school-age children to collaborations with other companies to expand existing child care centers.
- Between 1990 and 1994, IBM invested $25 million to develop new or expand existing child and elder care facilities and programs through its Funds for Dependent Care Initiatives (FDCI). In 1995, the FDCI was replenished with a new commitment of $50 million for the years 1995-2000. The company has invested a total of approximately $150 million in dependent care services to help employees better manage their work and personal lives.
- IBM currently invests in more child care centers than any other company -- supporting some 50 facilities at locations near its major sites in North America.

Flexibility/telecommuting/leave of absence programs
- More than 80,000 IBMers participate in the company's telecommuting programs, which offer employees the ability to work from a customer's location, on the road, or at home.
- IBM's industry leading workplace flexibility programs offer employees the option of varying their daily arrival time and work hours, subject to local management approval.

- IBM's leave of absence programs provide up to three years leave for parenting, dependent care or for a "once-in-a-lifetime" opportunity, subject to management approval.
- Regular part-time employment opportunities are also available, subject to staffing requirements and business needs.

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e-learning/distributed learning at IBM

Strategy
- IBM's e-learning strategy is based on a blended approach to learning, made up of four tiers: (1) information, which is provided in the form of advance learning materials; (2) understanding, developed through web-based simulation; (3) collaborative learning, utilizing team rooms, Lotus Learning Space and other web-based tools; and (4) face-to-face learning, for higher skills development.

Programs

Among the IBM programs that feature e-learning components:
- **Basic Blue**: a year-long distributed learning and classroom-based experience for first-time managers delivered using Lotus Notes and the Web to all new IBM managers around the globe.
- **One Voice**: Some 37,000 new IBM hires (including non-mangers) each year attend this employee orientation program, which utilizes distributed learning technologies.
- **Coaching Simulator**: this IBM-developed, Web-based coaching tool guides managers through possible alternatives for a variety of challenging management situations.

Benefits
- IBM estimates that for every 1,000 classroom days converted to distance learning, more than $400,000 in costs can be avoided. In 1999, the efficiencies made possible by e-learning technology provided approximately 17 percent more training for IBM employees at 1998 investment levels.
- IBM invests approximately $1 billion in internal learning programs each year. Distributed learning cost avoidance and productivity gains exceeded $200 million in 1999 and the company and is targeting $225 million in distributed learning cost avoidance and productivity gains for 2000.
- In 1999, more than 25 percent of IBM's internal training programs were delivered via distributed learning to nearly 135,000 employees in the U.S.

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Women at IBM

- IBM has a long history of commitment to the advancement of women in the workplace, hiring its first professional women in 1935 and its first woman vice president, Ruth Leach, in 1943.

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- In 1995, the company formed its Global Women Leaders' Task Force, which later initiated employee work/life surveys in the Americas, Europe and Asia Pacific; a series of Global Women's Leadership Conferences; the creation of Women of Color and Women in Technology sub-committees, each of which has conducted global conferences; and the formation of local women's networks around the world.
- In the United States, the number of women in executive positions totaled approximately 21 percent at the end of 1999, growing from a total of 351 women executives in 1998 to 445 at the end of 1999.
- Globally, women comprise almost 18 percent of the IBM worldwide executive population. The number of women executives around the world increased from a total of 399 in 1998 to 508 at the end of 1999.
- In 2000, in recognition of its long-standing commitment to the advancement of women, IBM was one of three companies honored by Catalyst, the New York City-based women's advocacy organization.
- In 2000, IBM expanded its Technology Camps for Girls summer program to a dozen IBM and university locations in the United States and Puerto Rico. The program helps middle school girls gain a better appreciation of the outstanding career opportunities offered by technology and encourages them to pursue technical degrees.
- More information on IBM's commitment to workforce diversity, and the many honors it has received, is available at www.ibm.com/diversity.

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