"Business at its core
is about relationships.
I think our diversity work
takes away barriers
that interfere with
relationship building."

# Interview | TED CHILDS

As Vice President of Global Workforce Diversity at IBM, Ted Childs has responsibility for workforce diversity programs and policies encompassing 160 countries and more than 319,000 employees. He's been called "perhaps the most effective diversity executive on the planet," and IBM's recognition in the diversity arena seems to bear that out: The $89 billion technology company has been named a "best place to work" by organizations representing Asians, women of color, black engineers, gays and lesbians, Hispanics, women executives, and the disabled. In addition, the September 2004 issue of *Harvard Business Review* featured the company's diversity practices as a key corporate strategy tied to real growth. Childs, who has logged more than 37 years with IBM, shared some thoughts with *Hewitt* on what makes diversity more relevant than ever to business results.

# Diversity's Child

AT IBM, WORKFORCE DIVERSITY IS A CORNERSTONE OF BUSINESS STRATEGY. TED CHILDS LEADS THE CHARGE TO HELP THE TECHNOLOGY GIANT "LOOK LIKE THEIR CUSTOMERS" THROUGHOUT THE GLOBAL MARKETPLACE.

**How has the definition of diversity changed over the last decade?**
Ten years is too short a time frame. Let me answer that question in the context of the last 40 years. In 1962, U.S. President John F. Kennedy asked people to sign up for his Plans for Progress, which essentially meant, "hire black people." In 1964, President Johnson signed the Civil Rights Act. In 1968, IBM created the Equal Opportunity Department. At that time, the diversity debate was essentially restricted to women and "ethnic minorities," who were primarily black. There was limited focus on disability. There was no focus on gay or lesbian. No focus on aging. And there was not a global discussion. Fast-forward to today, and the definition of diversity encompasses global cultures. The discussion of race crosses all ethnic groups. There's clearly a focus on the disabled, clearly a focus on women, and the gay/lesbian debate is here. But the most significant thing that has changed since George Carter, IBM's first black

executive, served as Director of Equal Opportunity is that he was alone and I'm not. Today, I have an army of women executives, black executives, gay and lesbian executives, Hispanic, Asian, and Native American executives. If you look at the top leaders of this company, 50% of them are women, an ethnic minority, or not born in the United States. That's diversity of race, gender, thought, culture, and geography.

### What's the business case for diversity?

Affirmative action is important. But it needs to be partnered with a vision of the marketplace and an understanding that diversity in the labor pool reflects diversity in the customer set. If all those different people outside can't look inside and see people like them, on every level from the mailroom to the boardroom, maybe they won't spend their money with your company. We're in business to make money, to maximize shareholder value. If we don't look like our

> "Diversity is not a photo opportunity. Anybody can recruit anybody. Keeping people is the challenge."

customers, then we're essentially excluding people from working here and spending their money here. That's jeopardizing shareholder value.

For example, we've grown the number of women executives globally at IBM 362% since January of 1996. In the U.S., we've seen growth of 276%. These increases track with the growth in the number of businesses owned by women. As our constituencies—women, blacks, gays/lesbians, other minorities—have come alive as buyers of products, we've involved more people from those constituencies in our business.

### As a diversity executive, are you being compelled to show some numbers—to prove your business case?

I try to deflect that. But I understand that people are impressed with numbers. Here's an example from our past where numbers were important. In 1988 we were losing women, particularly in our critical skill categories. Women would go off to have a baby, and they wouldn't come back. We weren't exactly a welcoming place for them to come back to. So I wanted to extend our leave of absence benefit and create a work-at-home program. I discussed this with some of our senior managers, and told them I'd like to make it possible for IBM women not to have to leave when they have a baby. And they said, look, we have a million applicants a year; tell us why this is important. And I said, well, I've got some data here I'd like to share with you. If it costs IBM more than $10,000 to hire each new recruit, and tens of thousands more to train them as programmers and engineers, why should we lose them? The

investment in our people was so compelling that it added a new dimension to our thinking, so we came to terms on this subject. Today, 65% of our female executives are working mothers.

To some degree, I want diversity to be a commonsense topic. I want people to conclude that their business interests are better served by a more diverse population. But that statement isn't universally accepted. I still meet with companies where they've not seen the business case and the moral debate has not yet struck home.

### As a global company, how do you deal with diversity in different countries?

In each country, we want our leadership to look at their people as they are—not influenced by U.S. affirmative action legislation, but influenced by IBM behavioral expectations. To that end, we have 72 workforce diversity councils around the world and 40 women's councils for our regions in Asia-Pacific; the Americas; and Europe, the Middle East, and Africa (EMEA). These councils help us ensure that our workforce reflects an environment that encourages and values the contributions and differences of employees from various backgrounds. For example, within our R&D and engineering units, specific efforts have focused on retaining and developing women and minorities in technology-related jobs. We also have a global policy letter that defines our expectation of conduct worldwide, which includes insisting on a workplace that's free of discrimination and harassment and full of opportunity for all people. We're not going to be intimidated by cultures that, for example, do not treat women fairly as it relates to cultural, political, or economic issues. So if it's OK in a culture to treat women unfairly, it will not be OK to do that at IBM. Prior to 1997, we didn't have any country general managers who were women. Now we have seven. That sends a message to the young girls in those countries about what they can aspire to become because we're producing a new generation of role models.

### How should employers be thinking about diversity now?

First, I think it's very helpful if you know your company's heritage. I actually have gone into the IBM archives and crawled around on my hands and knees. I've discovered things about our heritage that I could leverage for the good of our company and employees. I can say, look, for more than a century, IBM has considered workforce diversity fundamental to business success. We hired our first women and black employees in 1899. Part of our heritage is the fact that eight IBM chairmen have acknowledged the importance of workforce diversity to our business, to our culture, and as a cornerstone of our IBM values.

After heritage, you need to know what your customers look like, because you have to answer one very important question: Do we look like our customers? And if you don't, then that

should be a red flag. You should also be thinking about the demographic shifts in the countries where you do business. You're going to have to acknowledge that your customers aren't going to look in 2050 like they looked in 1950.

Finally, you need to understand that diversity is not a photo opportunity. Anybody can recruit anybody. Keeping people is the challenge. So back up your photo ops with meaningful, substantive behavior. At IBM our long-standing commitment to workforce diversity—equal opportunity, affirmative action, cultural awareness, and work/life balance—has evolved into a legacy of leading social change and setting trends before they became fashionable, politically correct or, more importantly, mandated by law.

### What diversity-related changes do you see happening in the next five years?
The diversity function will become more global. IBM's definition of diversity today takes global cultures into account. For example, in EMEA, we're mindful of gender, people with disabilities, and the growing number of ethnic minorities. In Asia-Pacific, we need to focus on gender, disability, and respecting and valuing the differences between countries and regions.

Another trend is the increasing linkage between workplace and marketplace. Diversity and the concept of workforce inclusion are becoming key factors in helping define how we do business in today's marketplace. These factors will help us compete for talent and enhance our ability to create new revenue streams, retain employees, win clients, and maintain our marketplace leadership.

Lastly, there will be more pressure for tolerance, strongly influenced by religious views. As terrible as 9/11 was, it has encouraged us to be more respectful of differences. No matter who you are, you are going to have to work with people who are different from you.

For information on Hewitt's commitment to diversity, go to **www.hewitt.com**.**H**