



# **Personal Experiences in using Adaptive Management Principles in IBM**

**Daniel J. Forno  
Vice President, IBM Global Services  
Adaptive Work Force**

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## Agenda

- **About IBM and IBM Global Services**
- **Problems being Faced**
- **Attractive Elements of Adaptive Enterprise**
- **Dealing with the Organization's immune system**
- **Context and Coordination**
- **What is Different**
- **Business Results**

## About IBM

- The world's largest information technology company
- The 8th largest corporation in the world
- Year end 2002, IBM reported:
  - \$81.2 billion in revenue
  - \$3.6 billion in net income
  - More than 315,000 employees worldwide
  - More than 670,000 stockholders of record



## About IBM Global Services

### ■ Services

- World's largest business and technology services provider
  - \$36 billion in revenue
  - More than 175,000 employees
- Helps customers:
  - Capitalize on IT to improve business performance
  - Manage IT operations and resources
- Principal lines of business:
  - Business Consulting Services
  - Integrated Technology Services
  - Strategic Outsourcing Services

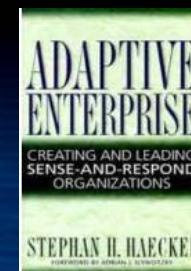


## Problems being Faced

Condition	Situation 1 (Internal 1000)	Situation 2 (External 3000)	Situation3 (Internal 1000 plus)
Need for Speed	X	X	X
Constantly Changing Requirements	X	X	X
Demanding Customers	X	X	X
Employee Morale	X	X	
Limited Resources	X	X	
Constant Funding Challenges	X	X	X
Dynamic priority changes	X	X	X
Major strategic direction changes	X		X
Long cycle times	X	X	X
Quality Improvement	X	X	
Customer Satisfaction Focus	X	X	
Declining Growth		X	X

## Attractive elements of Adaptive Enterprise

- Reason for Being!
- Outcome versus How
- Tactics become Strategy
- Sense and Respond vs Plan, Make and Sell
- Sensors
- Designed Response Mechanisms
- Use of Systems principles for business design.
- Methodology to address unpredictability versus just living with it.
- A structure to leverage other key leadership techniques
  - Directional Statements
  - e-Business
  - Speed Teams
  - People Management
  - Empowerment
- The notion that an organization could be designed to adapt quickly to the current situation versus experiencing disruption or chaos







# Context and Coordination

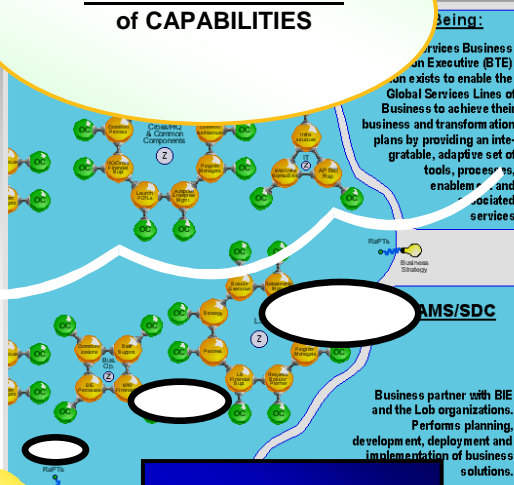
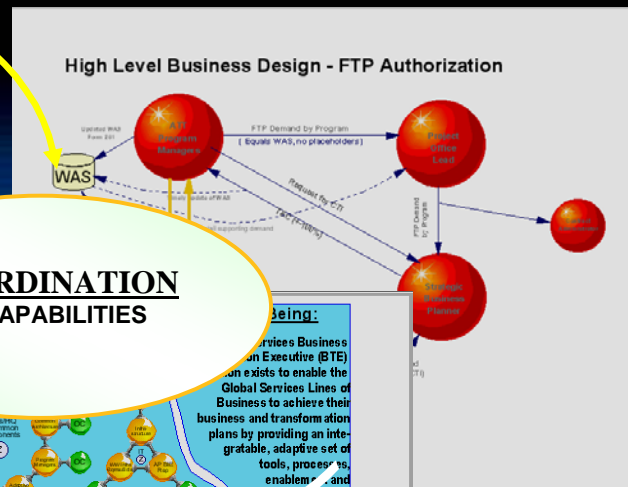
- Reason for Being
- Governing Principles
- High Level Business Design
  - Roles
  - Outcome
  - Conditions of Satisfaction
  - Sensors
  - Lines versus Circles
- Quarterly Reviews
- Role Distribution Lists

ADAPTING

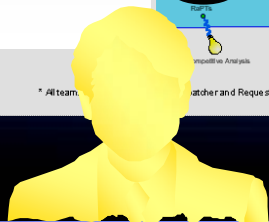
CONTEXT

Sense & Respond

COORDINATION  
of CAPABILITIES



UNPREDICTABLE



Adaptive Enterprise

A Leader of a **SENSE & RESPOND** Organization



## What is different?

- Less worried about how things were done, more worried about the outcomes themselves (arrows versus circles)
- Sensors (automated and manual).
- Metrics around outcomes.
- Trained leadership in authentic communications.
- High Level Support of bounded empowerment.
- Direct communication to roles versus through management chain.
- Use of high level business design principles to trouble shoot management system problems.



# Business Results

Result	Situation 1 (Internal)	Situation 2 (External)	
Customer Satisfaction Up	x	x (worth 1M\$)	
Employee Morale Up	x	x	
'Culture' Change	x	x (Customer)	
Lower Costs	x		
Increased Growth		x (106% OP)	
Higher Profit		x (139% OP)	
Cycle Time Reductions	x	x	
Business Controls Excellence		x Rated A	
Major Initiatives Completed Early	x	x	
Improved Quality	x	x	

Your turn.....

