

## Creating an adaptable workforce: important implications for CIOs



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**Introduction**

Today's successful CIO must be a master juggler—able to balance a set of constantly changing business demands against the incessant drive of next-generation technologies. In this harried environment, it's not surprising that issues surrounding the workforce may sometimes drop out of view. However, neglecting human capital issues can prove to be a short-sighted approach. We believe the CIO can play a pivotal role in developing and supporting the adaptable, well-trained workforce that is needed to compete in today's fast-changing world.

IBM's Global Human Capital Study 2008<sup>1</sup> explored the challenges companies face as they work to more effectively attract, allocate and invest in their human capital. Human resources (HR) executives representing a broad range of organizations participated in the study, offering new insights into how companies are wrestling with workforce issues associated with globalization, changing demographics and increased competition. The study concluded that an adaptable workforce is essential not only in addressing these issues, but also in driving growth and innovation across the enterprise.

For the CIO, the implications of the study fall into two important categories. Enabling an adaptable workforce requires a range of technologies and tools that provide insight into, and improve the productivity of, the overall workforce. As a provider of these resources, the IT department plays a key role in ensuring that the organization is able to harness the skills and capabilities of the entire organization. At the same time, as the leader of the IT workforce, the CIO can apply a number of the key lessons from the study to improve the effectiveness of the IT function. As technology continues to play a central role in enabling business strategy, developing a high-performing IT workforce will be a central concern not just for the CIO, but for the entire organization.

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## Highlights

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### **The IBM Global Human Capital Study 2008**

More than 400 HR executives from 40 countries participated in a structured interview designed to capture insights on the subject of workforce transformation. The organizations represented in the study range in size from fewer than 1,000 employees to more than 50,000, with corresponding revenues varying from less than US\$500 million to more than US\$25 billion. The participants interviewed represent a mix of public, private and not-for-profit organizations across a variety of industries and geographic locations. The majority of the interviews were conducted in person, with the remainder via telephone.

The study identified four top issues requiring the attention and focus of senior executives across the organization, including HR and IT. These are:

- *Developing an adaptable workforce*
- *Driving growth through workforce analytics*
- *Recognizing, developing and retaining talent*
- *Planning for leadership succession*

### **Fostering workforce adaptability**

Unquestionably, to win in competitive and quickly shifting global markets, an organization must be responsive. Yet only 14 percent of study participants believed their workforces were very capable of adapting to changes in the business environment. This leads to a critical question: What do these “very adaptive” organizations do differently from others?

The study found that organizations whose workforces were considered very capable of adapting to change shared three characteristics: First, organizational leaders were adept at predicting future skill requirements. Second, individuals within the organization were able to identify and locate experts. And third, employees were skilled in enterprisewide collaboration—breaking down organizational boundaries, time zones and cultures to connect individuals and groups.

***Successful organizations are adept at predicting future skills requirements, providing the means to identify and locate experts, and participating in enterprisewide collaboration.***

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**Highlights**

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***CIOs can champion the business benefits of collaboration, provide the technology necessary for collaboration and help foster a corporate culture that encourages and rewards collaborative efforts.***

***Web 2.0 technologies can enable employees to identify subject matter experts no matter where they are located in the organization.***

Harnessing these three distinguishing capabilities to boost workforce adaptability requires more than a series of HR programs. HR may take the lead in forecasting skill requirements, but expertise location and collaboration both require IT to identify and deploy collaboration tools and technologies, such as instant messaging, unified communications, social networking and other Web 2.0 applications. It's in these areas that CIOs can play a major role in transforming the company by championing the business benefits of collaboration in the C-suite (both across the business and within the IT department itself), providing collaborative tools that can be embedded into day-to-day work processes and helping foster a corporate culture that encourages a collaborative work environment.

For example, expertise location technology has become a vital tool in successful organizations' ability to assemble teams with the knowledge and skills to address new challenges. To assist executives in optimal team-building, CIOs can work with HR to implement an expertise location system. To begin to build this capability, HR must develop a formal skills-management process that allows organizations to easily track individuals within the company who have important capabilities and certifications. A critical component of this task is the development of a protocol for periodically updating the descriptive data.

In conjunction with these initial steps, the CIO can then take the lead in implementing expertise location techniques based on social networking or Web 2.0 technologies, such as personnel directories, employee profiles, résumé repositories and skills-tracking databases. All of these can be useful in identifying individuals who have desired skills and expertise. Personal Web pages, Web site tags and blogs can provide employees with a means of highlighting their client and coworker connections and their professional expertise. These tools can be of particular value, as employees can update them with a minimal amount of external involvement, and can increase the visibility of leading topics that might not be captured in a formally structured skills taxonomy. Leading expertise identification systems can also mine various content repositories to not only help users find people with specific knowledge or skills but also provide guidance on the shortest social path needed to reach them.

**Highlights**

***The major inhibitors to collaboration are culture and mindset, not technology.***

***Making sure collaboration tools are secure, easy to use and reliable will go a long way toward persuading people to use them.***

In addition to expertise location, collaboration is another critical issue related to building an adaptable workforce. On the technology side, CIOs can take the lead in providing an enterprisewide platform and technical support for collaborative technologies. However, in addition to rolling out applications, it's critical that CIOs take a holistic view of how people do their work and that they build a solution that addresses all of the employees' needs in a user-friendly fashion (Figure 1). According to the study, insufficient technology was fourth on the list of barriers to collaboration, with organizational and cultural issues—such as data silos, insufficient time and misaligned performance measures—all ranking higher. As the director of leadership development for one healthcare agency in the study noted, “Culture and mindset are the real inhibitors here. The technology is available, or will be here shortly, but getting people to both understand the importance of collaboration and utilize these tools will take some time.” Making sure that the tools provided are secure, easy to use and reliable will go a long way toward persuading people to use them. Instituting performance measures that acknowledge the value of collaborative activities and implementing formal and informal reward systems that recognize cross-organizational collaboration efforts are two ways that HR, IT and line-of-business executives can work together to reinforce the message that collaboration is a key business strategy.



Figure 1. CIOs can be instrumental in helping to remove barriers to collaboration by providing technologies that are easy to use.

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***CIOs can promote collaboration by encouraging the formation of informal virtual communities of practice.***

***“Jam” technology allows companies to tap into the insights of stakeholders and develop a greater sense of employee engagement and buy-in.***

IT leaders can take the lead in promoting collaboration within their own function, especially as many IT departments are becoming increasingly distributed yet require close coordination among employees and a host of outside partners and contractors. Using collaborative technologies such as wikis to aid virtual teams could be one step in more effectively managing global projects and sharing insights around the world. Another step might involve supporting virtual communities of practice, structured around common interests or expertise, both within the IT department and enterprisewide. These communities can provide a valuable shortcut to getting questions answered promptly and can serve as a forum for peer recognition of fellow employees’ contributions. In addition, they can be instrumental in developing and promoting best practices, and they can act as a repository for preserving organizational memory.

On a much larger scale, using techniques like IBM’s “Jam” communication method can facilitate organization-wide event-based collaboration, such as the UN’s 2006 World Urban Forum’s HABITAT Jam. Jams leverage a range of collaborative and text analysis technologies to solicit, capture and analyze thoughts and ideas from employees worldwide as well as to increase the visibility of ideas and innovations throughout the organization. The UN-HABITAT Jam, for example, linked more than 39,000 participants from 158 countries via the Web over a 72-hour period, enabling global idea-sharing regarding urban habitat issues among first-world nations and thousands of people from some of the poorest regions in the world. Jamming allows companies to tap into the insights and predictive power of large numbers of stakeholders, while at the same time developing a greater sense of employee engagement and buy-in.

**Driving growth through workforce analytics**

As businesses strive to boost their growth potential through new product development and expansion into new markets, implementing policies aimed at aligning employee skills with organizational priorities becomes a key

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**Highlights**

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***Relatively few companies currently use metrics such as revenue per employee to track workforce productivity.***

***CIOs can work closely with HR to integrate Human Capital Management systems across the enterprise for use in talent identification, recruitment planning and performance evaluation.***

consideration. For example, a medium-sized healthcare company instituted a personnel classification system that tracked employees' skills, job roles and allocations by project. As a result, the company was able to deploy resources as needed to staff projects more cost-effectively. At the same time, it began to estimate how many projects of each type were likely over the next three- to five-year period and matched the demand for each role based on project type. The resulting analysis helped the company to more accurately forecast hiring needs.

But many HR executives say they just don't have enough usable information to make strategic decisions. In the Global Human Capital Study 2008, only 6 percent of respondents felt they were *very effective* at using human capital data and information to make decisions about the workforce. The study also found that although many organizations are using measurements that are relatively easy to track, such as employee turnover, relatively few are using metrics such as revenue per employee or employee utilization, which may provide greater insight into workforce productivity.

To promote better policy making, the HR department must develop a set of relevant metrics and then work with the CIO to verify that data sources are of high quality, reflect the desired metrics, are consistently updated and are accessible through data warehousing and Web 2.0 interfaces (Figure 2). CIOs can work closely with HR to integrate human capital management (HCM) systems across the enterprise, with a focus on providing access to aggregate personnel data cross-referenced with sales and financial information for use in talent identification, recruitment planning and performance evaluation. In this way, CIOs can help pave the way for more effective workforce development strategies based on considerations such as current and future talent needs, employee productivity and resource availability.

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**Highlights**

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***Companies are looking to IT for assistance in finding in-house talent, regardless of geographic location, ensuring consistency in compensation and benefits, and providing distance learning capabilities to manage key certifications and compliance issues.***

***Replacement planning is essential to the future growth of any company or IT organization.***



Figure 2. CIOs can work closely with HR management to develop and distribute reliable data that will enhance workforce decision-making.

**Building a workforce for the 21st century**

Managing the recruiting, performance management and development needs of the global workforce can no longer be left to a series of spreadsheets and stand-alone applications. Instead, companies are looking toward a host of software providers to help them increase the visibility of talent regardless of its location, ensure consistency in compensation and benefits approaches, and even provide distance-learning capabilities to manage key certifications and compliance issues. The CIO plays a significant role in being able to manage the portfolio of these systems and ensure the appropriate level of integration among a variety of data sources.

In addition to enabling a talent management infrastructure, now is the optimal time for CIOs to focus on hiring and retention strategies that will build a more successful IT workforce of the future. Given the realities of a mature workforce, many high-value IT employees will soon be retiring—taking with them a wealth of knowledge of company systems. Replacement planning is essential to the future growth capability of any company or IT organization. This might include offering flexible work arrangements to older workers to keep them in the workforce while at the same time offering younger, high-potential employees the chance to take on greater responsibilities. Both techniques can lay the groundwork for smoother succession planning and leverage the skills of multiple generations.

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## Highlights

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***CIOs should examine their current IT strategies and envision what sorts of skills and expertise may be required a few years out.***

***Formulating a strategy for leadership development and developing a “dashboard to success” will put CIOs ahead of the curve in succession planning.***

Smart CIOs can take a proactive approach to accommodating these new expectations by examining their current IT strategies and envisioning what sorts of skills and expertise may be required a few years out. They should evaluate the composition of their workforce with an eye toward identifying skills gaps and determining whether technologies are at risk due to workers’ retirements. They need to review key metrics assessments within the IT workforce and evaluate how those assessments relate to productivity and talent retention. They should identify the relevant learning opportunities for their staff and understand how people refresh their skills within the IT department. Finally, they can develop a “dashboard to success” for the IT workforce, formulating a strategy for leadership development and succession planning from within.

While HR can partner with the IT organization to execute these activities, it is ultimately the responsibility of the IT leadership team to develop and carry out an integrated talent management model. And although organizations often have various programs associated with recruitment, resource deployment, training, career planning, etc., it is ultimately the responsibility of the CIO and the IT leadership team to bring these programs together into a unified program that maximizes their investment in human capital.

For example, an insurance company in the UK found that its IT department was faced with costs that were higher than industry norms, dissatisfaction from internal customers and low workforce morale. To address these issues, the company redesigned its IT practice model, developing new processes and roles for deploying, rewarding and communicating with IT professionals. This allowed the organization to more fluidly tap into needed skills and expertise, match current projects with individuals’ skills and development needs, and recognize high performers. By taking an integrated approach to workforce management and development, the company has been able to encourage staff commitment and improve overall delivery effectiveness.

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**Highlights**

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***Over 75 percent of HR executives surveyed said the ability to develop future leaders is a major concern.***

***CIOs should look for opportunities to develop the next generation of leaders through action learning, mentoring and rotational programs.***

**Leading in a time of great change**

The Global Human Capital Study 2008 identified a significant concern of HR executives: the ability to develop future leaders. Over 75 percent of companies worldwide indicated that this was one of their central capability-building issues. The ability to build future leadership skills has important implications for the CIO. Expansion into emerging economies, proliferating alliances with outside IT partners, and changing workforce demographics bring leadership issues to the forefront of the IT organization. In today's more distributed world, the ability to create a vision that can motivate diverse audiences from around the globe and promote collaboration with parties outside traditional organizational boundaries, while at the same time delivering on major initiatives and projects, has become an important skill for IT leaders of the future.

To address these changing requirements, the CIO should consider a number of options. Obtaining visibility into the leadership potential of individuals from around the world, rather than considering only individuals from traditional locations, will expand the slate when it's time to conduct succession planning. A rising star running an offshore development center in Brazil may have skills that can enable other parts of the IT organization (or the business as a whole), but without insights into his or her personal interests, career development needs and future options, this individual could easily be overlooked by the organization. Also, the CIO should look for opportunities to develop the next generation of leaders, through action learning, mentoring and rotational programs that give junior talent exposure to senior executives in other parts of the business. Not only do these leaders-in-training benefit from this exposure, but the IT organization benefits by developing more well-rounded individuals who are better networked into the larger organization.

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*The IT department can serve as a test bed for fostering collaboration, forming virtual teams and promoting communities of practice before being rolled out on a larger scale.*

### How IBM can help

As a company that works with clients from around the globe to help them improve their human capital effectiveness, and one that has transformed its own workforce, IBM is well-versed in the process and potential pitfalls of enhancing workforce performance. As the result of its experiences, IBM has assembled an in-depth portfolio of best practices to guide CIOs in implementing and supporting enterprisewide and in-house workforce transformation strategies. Within IBM Global Business Services' Human Capital Management practice, we have significant experience working with CIOs on improving the effectiveness of their IT organizations, in addition to working with other parts of the organization on workforce effectiveness, learning and development, knowledge management and collaboration, and HR strategy and technology issues.

IBM is also a leader in the field of workforce analytics, drawing upon its combined resources in Software, Research, and Global Business Services' Human Capital Management practice. In addition, IBM Lotus® software tools are designed to support collaboration that is both scalable and customizable through a comprehensive set of Web 2.0 technologies.

### For more information

To learn how IBM is working with organizations around the world to help them create a more adaptable workforce, contact your IBM representative or IBM Business Partner, or visit:

[ibm.com/cio](http://ibm.com/cio)

For a copy of the Global Human Capital Study 2008, visit:

[ibm.com/services/us/gbs/bus/html/2008ghcs.html](http://ibm.com/services/us/gbs/bus/html/2008ghcs.html)



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<sup>1</sup> "Unlocking the DNA of the adaptable workforce: The Global Human Capital Study 2008." IBM Global Business Services. September 2007. <http://www-935.ibm.com/services/us/gbs/bus/html/2008ghcs.html>