Co-Creating the Employee Experience

A conversation with Diane Gherson, IBM's head of HR

by Lisa Burrell

HBR: In what sense is IBM putting employee experience at the center of people management?

GHERSON: Like a lot of other companies, we started with the belief that if people felt great about working with us, our clients would too. That wasn't a new thought, but it's certainly one we took very seriously, going back about four or five years. We've since seen it borne out. We've found that employee engagement explains two-thirds of our client experience scores. And if we're able to increase client satisfaction by five points on an account, we see an extra 20% in revenue, on average. So clearly there's an impact. That's the business case for the change.

But it has required a shift in mindset. Before, we tended to rely on experts to build our HR programs. Now we bring employees into the design process, co-create with them, and iterate over time so that we meet people's needs.

What does that look like in practice?

A good example is employee onboarding—the first process we took a very hard look at. We knew we wanted people to walk out thinking, "I'm superexcited I'm here, and I understand what I need to know to get going." But we started too small. We approached it in a traditional way that made it all about the orientation class, all about the experience you have on your first day. Once we began asking new hires how their onboarding had gone, we heard things like "I didn't get my laptop on time," or "I couldn't get my credit card in time to get to my first meeting," or "I had problems accessing the internal network." All those things affect how someone feels about having joined the company.

Once you realize that, the remit for the onboarding team becomes how people experience the whole process, end to end. To get it right, you have to work with a broader set of players. You bring in Security to make sure the ID badges are there. You bring in Real Estate to make sure people have a physical space and know where to go. You bring in Networking to make sure their remote access is up and running. All that is part of onboarding. It's not just having a great meeting with a bunch of other new hires on your first day.

It took a while for us to understand that. You have to broaden your scope and stop thinking in silos in order to create a great employee experience.

How has IBM's approach to learning and development changed?

People consume content on their phones and tablets now—they use YouTube and TED talks to get up to speed on things they don't know. So we had to put aside our traditional learning-management system and think differently about education and development.

Again, we brought in our Millennials, brought in our users, and codesigned a learning platform that is individually personalized for every one of our 350,000 IBMers.

It's tailored by role, with intelligent recommendations that

are continually updated. And it's organized sort of like Netflix, with different channels. You can see how others have rated the various offerings. There's also a live-chat adviser, who helps learners in the moment.

We measure HR offerings such as learning with a Net Promoter Score—the ultimate metric for an irresistible experience. Before, we used a classic five-point satisfaction scale. Even if someone rated you a 3.1, you ended up saying they were satisfied, whereas with Net Promoter, you have to be at the far end of the scale for it to mean anything, because you have to subtract all the detractors. It's much harder to get that, and it gives you much better feedback on what people are experiencing. For learning, at last count, our NPS was 60. That's in the "excellent" range, but of course there's still room to improve.

What kinds of tools do you use to customize learning?

With Watson Analytics, we're able to infer people's expertise from their digital footprint inside the company, and we compare that with where they should be in their particular job family. The system is cognitive, so it knows you—it has ingested the data about your skills and is able to give you personalized learning recommendations. It tells you, "OK, you need to increase your depth in these areas—and here are the offerings that will help you do that." You can then pin those or queue them up in your calendar for future learning. The system also looks at how close you may be to earning a digital badge, which we've started using in just the past couple of

years to demonstrate which employees have applied skills. The tool then helps you achieve the badge by recommending specific webinars and internal and external courses. It's all based on artificial intelligence. Skills inference is at about 96% accuracy at this point.

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How do you know that?

We used to have this laborious manual process of getting people to fill out skills questionnaires and having their managers sign off on them. But that gets outdated really fast. So we stopped doing that. Instead, leaders in particular job families or industries do spot checks on how well we are inferring. They interview employees and identify where they are, comparing that with what the inference was in our system.

IBM has given its performance management system an overhaul as well. How have employees been involved in that process?

As you know, performance management is kind of a lightning rod in most companies. Rather than do the typical thing—which would be to do some benchmarking, pull together a bunch of experts, come up with a new design, and pilot it—we decided to go all out and co-create it with our employees in a sort of

extended hackathon. We used design thinking and came up with what you might describe as a "concept car"—something for people to test drive and kick the tires on, instead of just dealing with concepts. We did that in the summer of 2015 and implemented it across the company five months later. That's the power of engaging the whole workforce—people are much less likely to resist the change when they've had a hand in shaping it.

To start the co-creation process, I blogged about it one day and said, "We'd love your input. If you hate it, we'll start over, no problem. But we really want your thoughts." We made a few videos about what we thought it might look like. I got 18,000 responses overnight. Fortunately, we had the technology to analyze it all and see what people liked and didn't like.

At first some people said, "This is such a sham—you already know what you want to do." But we explained that we really wanted to hear from them, and we got them into various discussion forums. It took a while, but I think we did turn them around. We kept communicating, saying, "OK, you liked this; you didn't like that. And here are areas where you can't seem to agree." Meanwhile, we were putting together prototypes to show people.

I was clear up front that there were some ground rules. For example, we were not going to get rid of performance discussions, and we wanted pay for performance. But in general, it was wide open. The whole process took less time

than most companies take to redesign their performance management programs, and we involved about 100,000 employees. Finally, we asked, "What do you want to call it?" Tens of thousands of people voted. We had three names in the end, and Checkpoint was selected.

Performance management can never be perfect. But your baby is never ugly. Our employees created their own program, and there is pride in that. You can see it in their ongoing blogs, where we ask them to talk about what's working and what's not and to tell us how we can improve the system. We've been doing that ever since we put it out there. Their overall message has been "This is what we wanted." It was cited as the top reason engagement improved. People are getting much more feedback out of this system, in much richer ways. And more important, they are not feeling like spectators in our transformation; they are active participants.

How are you using "sentiment analysis" to further address employees' needs?

Sentiment analysis is very helpful in a world where people are always communicating online. Our cognitive technology looks at the words people choose and picks up the tone. It identifies whether it's positive or negative and then goes deeper, saying whether it's strongly positive or strongly negative. In that way it's almost like looking at music—seeing where there are very high notes or very low notes that are loud. It's always

behind our firewall, never external. It's not looking at any of the information people pass around or at their email content or browsing behavior. It's just looking at tone in their blogs and comments inside the firewall.

With this approach you can pick up pretty quickly if there's an area you need to dive into. We've been able to swiftly detect problems that are starting to brew and, more important, make a commitment to do something about them. This is the most exciting part of having a social platform to work with. We've had several examples of things we did wrong. Some of my folks decided we wouldn't reimburse for ridesharing.

Employees became agitated, and I could quickly respond to a concern that had turned into a petition. "I read all your comments," I told them, "and you made some great points we hadn't thought of. We were trying to look out for your security, but on balance, this wasn't the right choice. Let's return to our original policy." All this happened within 24 hours. People felt listened to and were very appreciative.

We had a similar situation about a year ago. We had to impute income when you were traveling to a client site for a full week and, instead of returning home right away, you had your spouse or a friend join you for the weekend. Because we would reimburse the guest's travel, it created a tax issue. We altered the program because that was getting messy, and again employees were incensed. I can certainly understand why. If you're on the road all the time, of course you might want your spouse to join you for a

weekend. People didn't want us making the decision for them. That was another case where we quickly got together and said, "Hey, if they want to be responsible for their own taxes, they can do it." It was a good wake-up call for us to not be so paternalistic.

In organizations where people aren't physically all together, you can use sentiment analysis to get a sense of where you've got trouble spots, where your management isn't strong enough, where groups of people are expressing negative opinions. It allows you to check in on those sites or groups and find out what's going on.

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Do employees have more power now than in the past?

Yes. So much more weight is now given to what is said inside an organization, because it can be heard outside as well, through social media. Glassdoor is a perfect example. In the past you might have had companies that weren't great to work for, but only a small circle of people knew about it. Now the whole world knows about it, because it's on Glassdoor—and that's turned companies into glass houses. People can look in and see what's going on and make judgments about whether they want to work there in a way that they weren't able to before.

Let's go back to the business reasons behind IBM's shift to agile talent practices—can you say more about those?

I mentioned client satisfaction. Clients today are looking for speed and responsiveness like never before. In an earlier era what they really wanted was the best product at the best price efficiency was important, but speed was less so.

In the early 2000s we would have staffed a project with experts from all over the world, and they would have spent a fraction of their time on that project, because they were also working on other projects. They would have joined conference calls, which is always hard because people are in different time zones. And I'm sure they were multitasking while they were on those calls. That project might have taken six months to a year. Now we would take a smaller group of dedicated people and put them together for three months, and they would get it all done using agile methodology. It's a different way of thinking about how to create value for clients. It responds to their need for speed.

Is there some hope that an agile approach to talent will help IBM make up ground in revenue and growth that it lost in its transition to cloud computing and other businesses?

We're a company that's transforming itself: 45% of our revenue comes from businesses we were not in five years ago, and we are an $80 billion company. When you're going through that kind of shift and seeing a downturn in some

of your legacy businesses, and you're renovating those while you're launching new businesses, you may see some unevenness in performance. You're basically changing the tires while you're driving the car. And yes, that takes agility.