

Building a social networking alumni solution at IBM

Chris Gopsill, First Tuesday (XING), and Bettina Kahlau, IBM Deutschland GmbH

Corporate alumni networks - Background and drivers

Several leading professional services firms, as well as US and increasingly European Universities have operated very successful alumni programs for many years. The motivation for Universities has mainly been harvesting the alumni pool for financial donations, with Harvard’s endowment fund increasing from \$2.7 billion in 1981 [Sutton 2003] to \$29 billion in 2006 [Wikipedia - University endowment] and Princeton achieving a 64% alumni donation rate [Sutton 2003].

In the last few years several large-scale trends – increasing globalisation, the “war for talent,” the search for innovation from multiple sources, the emergence of adaptive enterprises, and the ubiquitous adoption of enabling technologies – have encouraged many other companies across all sectors to proceed with major alumni initiatives to harvest their intangible assets. These trends are summarised in Table 1.

Table 1: Trends driving Corporate Alumni Networks

| | |
|---|--|
| Information Technology enabler Globally integrated ecosystem | Social software: One of the strongest enabling drivers in alumni networks has been the revolution in IT, most importantly the ubiquitous penetration of low-cost and robust communications networks, or “the death of distance.” [Cairncross 2004]. Expand efficiency and collaboration globally: The radical change from multinational corporation to globally integrated enterprise is well summarised by IBM. IBM has certainly changed dramatically over the years, even surviving, and learning from, a “near death experience” as described by the former CEO Lou Gerstner [O’Connell 2004]. The concept and its implications are succinctly described by the current Chairman and CEO, Sam Palmisano “The Globally Integrated Enterprise will require fundamentally different approaches to production, distribution, and work-force deployment. This is already happening. New technology and business models are allowing companies to treat their different functions and operations as component pieces, firms can pull those pieces apart and put them back together again in new combinations” [Palmisano 2006]. |
| Career planning and HR policies | Employability: It is widely accepted that the “employment contract” has moved from jobs for life (employment for life) to employability [EOC Action 2005]. As a next step, leading companies who have realised the implications of these changes are moving to lifetime affiliation [Lieber 1999]. |
| Competitive advantage | Overcoming internal/external barriers: The need for overcoming barriers and changing workforce patterns is well summarised by a recent Economist Intelligence Unit survey [Palmer 2006] which reports the need for significant increase in communication outside organisations, with the goal of solving complex problems through collaborative teamwork (43% of respondents) together with predictions of a 40% increase in the number of workers active in complex knowledge-based roles that are primarily outward-focussing in the next 15 years. |
| Trust in all relationships | Trust within and outside the company: One of the major soft factors with significant impact both within and outside the organisation is trust. Many companies are also (potential) victims to a long-term decline in trust in traditional figures of authority {including CEO’s} in favour of the credibility of the “average person” [Edelman 2006]. By nurturing and providing benefits to alumni, organisations can capture this pool of individuals who understand and buy into the culture, to act as both ambassadors and external antennae for the company as an extended R&D or innovation network. |

Types of corporate alumni networks

There are currently four main categories of corporate alumni networks as shown in Fig 1:

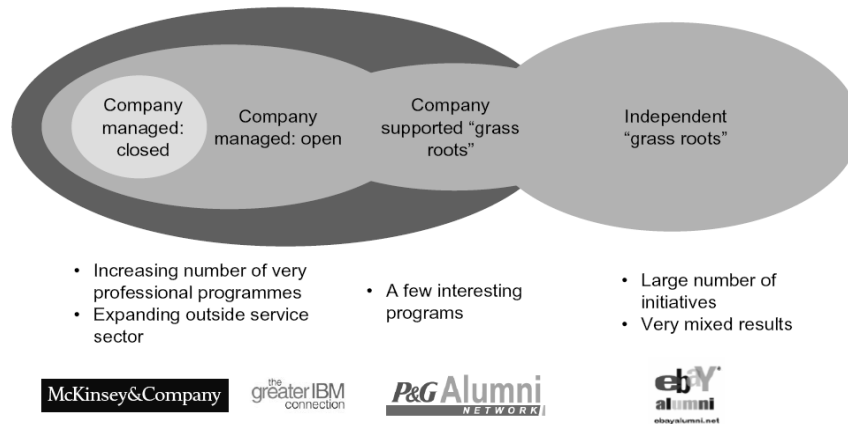


Figure 1: Types of corporate alumni networks

Closed company-managed networks are those founded and chartered by the company, typically with board-level approval, explicit governance, objectives and policies, and full-time company staff, ideally supplemented by (volunteer) alumni. The oldest and most successful example is McKinsey¹, which takes its closed status and exclusivity to extreme by restricting membership only to its management consultants.

Open company-managed networks are similar in terms of style and governance, with the critical exception that they leverage the rapidly emerging power of open social networks by encouraging the membership to further expand its reach to secondary (external) contacts. The highest profile open company-managed network is The Greater IBM Connection.

Independent "grassroots" networks are those founded solely on the initiative of former employees, without company support or approval (or disapproval). They are informal groups that provide directories of members, organise events and reunions, and may coordinate other projects including "giving back". Among the largest and most active is HP² which makes a significant amount of its material available to non-members and eBay³, which is built on a new but very rapidly growing white-label social network platform provider, NING⁴. It is

¹ <http://www.mckinsey.com/aboutus/alumni/>

² www.HPALumnipedia.com

³ <http://ebayalumni.net>

⁴ www.ning.com

hard to estimate the total number of independent “grassroots” networks, but it runs into the thousands. There is currently no association of networks, although at the time of writing at least one, Linqia, is in the pipeline [Linqia 2007].

Company-supported grassroots networks occupy the middle-space. They were typically also founded independently but have grown sufficiently in size and stature to win recognition from the company, and often financial and other means of support. These hybrids are much fewer in number. The most notable example is P&G⁵. The transition from a grassroots to a company-supported grassroots network is an excellent example of the power of serendipity or chance interactions in social networks. The chairman and chief executive officer A.G. Lafley attended a reunion of former employees in Chicago in 2000 and got the inspiration to change the culture from one that viewed people who left as “traitors” to truly realising and capturing the mutual value of a strong alumni network. The network now has a very strong advisory board of alumni, including Meg Whitman, President and CEO of eBay.

Best practice and mutual benefits

One of the most common mutually advantageous benefits of alumni networks, namely rehiring of alumni or boomerangs [Zimmermann 2006], is strongly driven by the well publicised “war for talent”. Consulting companies certainly lead the pack in this area, with Ernst & Young reporting an average of 25% of their experienced hires as boomerangs [Ernst & Young Alumni Network 2007]. Booz Allen Hamilton have dedicated resources to a unique team known as the “comeback kids” who focus on boomerangs [Sullivan 2006] and help to recover some of the \$2million investment in converting a new recruit into a partner [Economist 2006]. Rehires typically cost 50% less to hire, are up to 40% more productive, stay with the firm longer and have a very low “mis-hire risk” [Sertoglu & Berkowitch 2002].

The top 10 benefits for both companies and alumni, according to participants at a Think Tank in Switzerland 2006, are shown in Figure 2 [Gopsill et al 2007]. Participants in the Think Tank were 18 senior managers from major global corporations and leading universities, including McKinsey, IBM, Microsoft, Accenture, ING, Holcim, Harvard University and ETH.

⁵ <http://www.pgalums.com/>

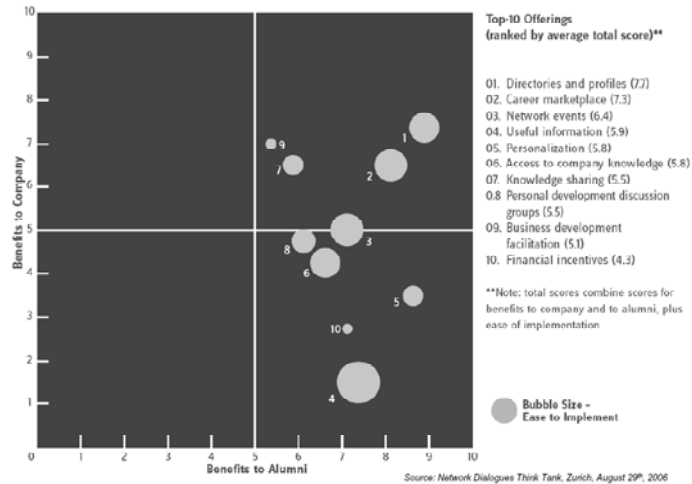


Figure Error! No text of specified style in document..2 Wisdom of the Crowd: Benefits to both Company and Alumni

A related background benchmark survey of 15 leading corporate alumni networks reported that 80% of respondents developed a formal business case, and at least 67% have regularly monitored metrics or KPI's. Enrolment rates vary widely, but average around 40%. Overall responsibility is split equally between HR and Corporate Communications. Staffing levels are widely distributed, with an overall average of around 1 FTE (Full-time equivalent) per 3,500 alumni, with the highest level being 1 FTE per 500 alumni.

Regarding eligibility, most successful programs segment alumni to ensure targeted offerings and several companies have a separate program for high level employees. Approximately half of the respondents have a minimum employment period of 1-2 years, and programs are equally divided regarding access to current employees.

The reader is directed to the original 100-page report for more details on methodology, scope, and findings [Gopsill et al 2007].

Technology and platforms

This section builds on Chapter1-7 and focuses specifically on technology and platforms for corporate alumni networks. Early corporate alumni networks typically relied on custom-developed software, usually building on a commercial data-base and /or web platform. The emergence of Yahoo! Groups (initially Yahoo! Clubs) in 1998 [Wikipedia Yahoo! Groups 2007] paved the way for rapid growth in grassroots initiatives.

The most successful dedicated system provider is Selectminds⁶, founded in 1999. Selectminds offers both technology and services, and focuses specifically on corporate alumni networks and related solutions. As the clear first mover and leader in this field, Selectminds enjoyed a 50% to 100% annual growth rate [Zimmerman 2007]. Clients include service companies such as Ernst & Young; BearingPoint and JPMorgan as well as knowledge intensive manufacturing companies like Dow Chemical and Lockheed Martin.

The other emerging company which is 100% dedicated to software and services for corporate alumni networks is Conenza⁷. The company evolved from the platform developed for Microsoft's alumni, and is leveraging that expertise for other networks including Accenture.

XING⁸, which is described in detail in Chapter 1.7, has a strong presence in the German University alumni area and is also the platform and service provider for leading corporate alumni networks, such as The Greater IBM Connection, as described later in this chapter, as well as PwC Switzerland and Germany. Their main competitor, LinkedIn⁹ (see Chapter 1.7) is also gaining momentum in the US University alumni arena, with the relatively recent and limited group functionality, as well as some corporate groups such as P&G¹⁰.

As with any rapidly growing market, there is now an explosion in the number of potential technology and platform offerings. These include "traditional" social networking platforms, with reports of at least 40 hosted or downloadable, do-it-yourself white label social networking solutions, including NING, as used by eBay [Hendrickson 2007]. In parallel, alumni networks are using a hybrid of related Web 2.0 technologies to strengthen the existing ties within their community, such as Second Life at IBM [Piper 2006], Wikis at Hewlett Packard¹¹ and blogs at Sun¹².

Case study –The Greater IBM Connection

Company and Challenges

International Business Machines Corporation (known as **IBM** or "**Big Blue**") is a multinational computer technology and consulting corporation headquartered in Armonk, New York, USA.

The company is one of the few information technology companies with a continuous history dating back to the 19th century. IBM manufactures and sells computer hardware and

⁶ www.selectminds.com

⁷ www.conenza.com

⁸ www.xing.com

⁹ www.linkedin.com

¹⁰ <http://www.pgalums.com/>

¹¹ www.HPALumnipedia.com

¹² <http://community.sun.com/blogs/>

software, and offers infrastructure services, hosting services, and consulting services [Wikipedia - IBM 2007]

The Greater IBM Connection was established in the context of need for innovation, as defined in IBM’s Global Innovation Jam in 2006.

Within the globalisation context enterprises evolve from monolithic giants to the engine of innovation that matters. External relations change from traditional influencing approaches to proactive transparent ecosystem building.

Globalisation drives today’s innovation.

Motivation for change

The Greater IBM Connection is the global premier social and business network exclusively for former and current IBMers. It was launched and branded in 2006 by IBM CEO Sam Palmisano in order to extend the Globally Integrated Enterprise.

“The objective of The Greater IBM Connection is to extend our Globally Integrated Enterprise by empowering employees to connect with the global, diverse community of former IBMers, working or retired, for mutual business benefits, relationship building and societal innovation.” [Clark 2006]

The potential community is over 1 million people worldwide, including 340,000 current employees and 660,000 to 860,000 former IBMers, of which there are approximately 160,000 retirees and between 500,000 and 700,000 former employees of working age.

The motto of The Greater IBM Connection is “Once an IBMer – always a Greater IBMer!”

To ensure that IBM’s vision is also reflected in the community, and that there is a win-win value proposition, the motivation for The Greater IBM Connection was assessed from the perspective of various stakeholders.

The motivation to join The Greater IBM Connection from an alumni (former IBMer) point of view was addressed by a global ethnographic study conducted by an independent third party. They interviewed more than 100 former IBMers in 15 different countries regarding their perceptions and motivation concerning The Greater IBM Connection [Sterling 2007]. The resulting top 10 reasons for alumni to join are shown in Table 2.

Table 2: The top 10 reasons for alumni to join The Greater IBM Connection

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|--|
| Connect with IBMers around the world for help regarding personal needs |
| Learn about trends in technology |
| Feel connected to IBM and to give back to the company |
| Socialise and reminisce with friends in person |
| Use IBM strength to give back to my community/ my world |
| Access to new IBM products, services and strategies |
| Locate and reconnect with people from former years |
| Access a pool of people and ideas of similar calibre and background |
| Find career opportunities |
| Identify business opportunities |

The most important point from an emotional (and functional) connection point of view was that former IBMers feel as IBMers – as part of the family. The term ‘alumni’ is neither top of the mind nor particularly meaningful, and they want to be called IBMers [Sterling 2007].

The power of a professional network was unquestionable while recognising the following quotes:

“When I left IBM and started my own company I realised connections are even more important. I now keep in touch with people at IBM that I didn’t talk to while I was there.” [Sterling 2007 - former IBMer, USA].

“My IBM contacts have allowed me to stay afloat for 5 years as an independent... and those were just the people I already knew. Imagine being able to access IBMers that I did not know already.” [Sterling 2007 - former IBMer, Philippines].

One main outcome of this study was that the motivation to join such a community is generally high and completely independent of the country or region, but is dependent on the current position and job role of the alumni. The higher the alumni is in terms of career level, the more he or she is interested in business enabling relationships and exclusive content, hence the more he values The Greater IBM Connection offering, and the more he is interested in ‘exclusivity’. In addition, the desire to profile themselves by demonstrating expertise or acting as core-connectors becomes increasingly important [Sterling 2007].

On the negative side, an activation barrier was created by the fact that former employees were uncertain how their current employer would react to their exchange of ideas and opinions on-line [Sterling 2007]. Former IBMers had a clear vision for the website and events, and also indicated that there were some big hurdles to overcome [Sterling 2007].

The motivation for an IBMer (current IBMer) was obtained from project team members and interviews with current IBMers within the US and Germany. It can be summarised in two broad categories: professional business development and personal network development.

For this pilot within the consultancy arm of IBM in Germany the main objective is to revitalise relationships with former IBMers. This has three direct benefits: business generation, re-hiring candidates in special ‘hot skill areas’ with lower on-boarding costs, and improving

the IBM Image in Germany (externally and internally) within the consultancy arm and in general.

For The Greater IBM Connection pilot in Germany, the consultancy arm of IBM, IBM Global Business Services (GBS), was selected for two main reasons:

Firstly, consultants are already accustomed to use Alumni networks in their daily life, for example within the PricewaterhouseCoopers Consulting (PwCC) group on XING and using personal, off-line connections. Therefore the alumni community already existed, but in a distributed form and with limited involvement from IBM.

Secondly, IBM GBS had lost significant talent since the acquisition of PwCC in 2002, for several reasons including the absence of effective change management for the cultural transition from a partner led firm to a SEC listed international corporation. These PwCC alumni typically went to IBM clients, business partners or competitors. As a consequence, their (often negative) perception of IBM influenced directly or via word of mouth IBM's image and the buying decisions of its clients. In addition, there were a significant number of untapped or wasted resources for business and societal innovation.

Project scope and approach

The Greater IBM Connection is a blended approach based on two pillars, namely the online platform on XING and Face-to-Face events. It offers free Premium Membership for all members, giving enhanced functionalities on XING, exclusively for the pilot and extends invitations to exclusive events.

Within the on-line platform, The Greater IBM Connection in Germany Team focussed on a content driven approach, for reasons outlined below. It was selected to pilot this approach for further local and global cross-business unit roll-outs.

Two strict membership requirements were imposed: employment by IBM GBS Germany (current or past), and confirmed registration for all members to ensure a closed community, although members could also leverage the power of secondary connections outside the group on XING. There was no payment by members and activity was driven by IBM (particularly in the start-up phase) and users (increasingly over time).

Due to the specific situation of PwCC, the German target group was roughly composed of one quarter former IBMers and three quarters current employees for the first phase of implementation, which is significantly different to the overall Greater IBM population (roughly one third current employees).

The motto for The Greater IBM Connection in Germany was defined as:

| |
|---|
| You worked for IBM. You are working for IBM. You made it – The Greater IBM. |
|---|

The global project team selected XING as the Global and German Strategic Partner for the online communities for a number of reasons: high penetration globally particularly in Germany, high number of IBM alumni on XING, a growth rate of 5-10% per month, multiple (16) language support and high member activity rate (both log-in rate and residence time). In addition, the platform offers high performance and focuses on the appropriate target group (Business professionals). There is also the possibility of a closed community through a special Premium Group, while also allowing a broader reach through secondary contacts and the company offered Compliant general terms and conditions for registered people on XING.

The solution was designed and implemented in four phases. The first phase (Design Phase: Nov. 2006 – Jan. 2007) focussed on the design of the Greater IBMer approach, the communication concept, the registration concept and the technical platform concept.

The purpose of the second phase (Build Phase: Feb. - Mar. 2007) was to establish the community on the platform, to train the moderators, to set-up the registration process and to develop the internal and external communication instruments. The third phase (Go-Live and Stabilisation) started with the Go-Live on March 15th, 2007 and lasted 6 weeks while the registration process was stabilised, the moderators were up and running and 20% of the Greater IBMers joined the platform.

After that the fourth phase (Operating Phase) started and is still ongoing. Periodic reviews and lessons learnt, moderator workshops and trainings are part of the day to day business.

The project team was functionally split, as described in Table 3.

Table 3: Project Team roles

| | |
|----------------------|---|
| Head of Project team | Program Manager is responsible for the successful launch and community development |
| Content team | Editorial staff are responsible for research and preparation of the relevant community content (top stories, podcast, videocast, etc.) |
| Community team | Moderator staff are responsible for the climate, activity status and maturity level of the community |
| Registration team | Human Resources staff are responsible for the registration process of new members |
| Marketing team | Marketing staff are responsible for the member acquisition processes |
| Event team | Event coordination staff are responsible for the event concept and delivery |
| Technology team | Partner XING is responsible for the XING platform set-up and availability, IBM staff are responsible for the content management publishing process on the platform and definition of new feature requirements for the XING platform |

There was a core team of 12 people (from IBM and XING) with integration of wider IBM and XING functions as needed. The go-live period was particularly intense, due to the need to rapidly respond to the high number of membership applications.

Success Story

This is the first alumni community which fully integrates former and current employees on a worldwide corporate level. It is also exceptional in that all professional and support staff are included.

Further differentiation of this network is derived from special forums, focussing on areas such as SCM or HR. In future, further differentiation could be derived from special communities or separate groups for executives.

The Greater IBM Connection is based on one underlying motto: "First re-vitalise relationships – then make business".

There are two main principles, which are the drivers for success:

1. Lower the entry barrier and secure the online community growth, by offering free Premium Membership on XING
2. Exclusive content is the driver for an active community and demonstrates IBM's investment in this initiative

Examples of exclusive "Consultancy Topics" content from January 2008, as well as the look and feel of the platform are shown in Figure 3.



Figure 3: Screen shot of The Greater IBM Connection Germany in January 2008 showing exclusive "Consultancy Topics"

Although establishing the right trusted environment with the on-line platform starts to build an active community, real trust and strong interaction is often only achieved by face-to-face events.

The Greater IBM Connection offers exclusive on-line content on business, IBM and personal themes for members under a number of headlines: Community (all about ‘us’), IBM topics and news, Consultancy topics (exclusive studies and market analysis, tips and tricks for consultants and news from the consultancy marketplace), Career Center (current job offerings, job of the week) and forums (innovative dialogue about top stories and other topics). One of the main values for the community is member generated content. IBM acts as a powerful catalyst for this, by providing significant exclusive material. The moderators leverage this initial content by building a trusted environment where members contribute freely to the dialogue and exchange of ideas.

The online platform consists of “standard XING processes” together with “Greater IBM Connection in Germany processes”. There are 2 important general definitions of users of the XING platform: contacts are the personal buddy list of a registered user on XING whereas members are the registered users on XING and in The Greater IBM Connection in Germany group.

The most important standard XING processes are maintenance of the member’s own Profile, introduction of a contact / member to another contact / member, searching for a contact / member via advanced search functionality and sending an eMessage to another contact or member. The last two processes are enhanced by the Premium membership for Greater IBM Connection members.

The most important “Greater IBM Connection in Germany processes” are registration of a new member including acceptance of the data sharing consent, searching for a member via dedicated member list of the group, reading an article or top story, downloading an article, study, podcast or videocast, and development of an entry in a forum.

The go-live of the online community on XING occurred on March 15th, 2007 at CeBIT 2007 in order to leverage this important event and showcase Web 2.0 technology. The first contacts with former and current IBMers in person were made at the IBM booth and published online with photographs and recorded first impressions. Prior to the event formal invitations from the General Manager were sent to the entire target audience via different media depending on their status.

The response rates to e-messages via XING to former IBMers and e-mail to current IBMers was remarkably high (a 50% open rate and a 37% registration rate, from more than 800 invitations). Follow-up invitations were sent online (XING message) after 2 months and offline (mail) after 4 months. This process was also enhanced by classic viral growth from ‘member invites members’ and ‘moderator invites their personal contacts’.

Despite the fact that the community for the consultancy arm is rather young, the pilot implementation is a great success story. Table 4 shows the results 5 months after go-live.

Table4: Results 5 months after go-live.

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|---|---|
| Growth | Approximately 600 registrations (10% of the target group) on the first day (go-live) - after 5 months more than 30% of the target group is registered on XING. |
| Characteristics | The community consists of 52% current IBMers and 48% former IBMers, of which 52% are currently employed at customers and 48% active at competitors, as freelancers or as entrepreneurs. The majority of members is between 31 and 40 years old, with the second largest group between 41 and 50. The majority of members live in Hamburg, Frankfurt, Stuttgart, Munich, Berlin, Düsseldorf and Cologne (Germany's main cities). |
| Activity | The community is very mature in terms of contacting people - over 20% of the members have 50-100 contacts among community members. However it is not particularly mature in terms of special group features – for example most members are not members of other groups on XING. |
| Innovation dialogue | This started between single contacts (mostly driven by the moderators), but is now more and more active in Forums. |
| Re-Hiring | Realised double-digit re-hire count. |
| Image | Very positive internal and external feedback. Within the first 5 months there were no negative comments – only constructive feedback regarding the online platform. |
| Client relationships / Business generation | Received direct requests from members (often on the XING platform) for projects at existing or new clients. Received first requests to present the initiative and generate sales opportunities for projects in the area of Alumni networking, Innovation Jam, Web 2.0 and Second Life. |

Lessons Learnt

The Project team was a virtual team because of the tight integration in the corporate functions of communication and human resources. This caused the first challenge which was overcome by concrete team-building activities, such as face-to-face kick-off and regular face-to-face meetings to build the team spirit and high commitment of all involved parties, as well as the executive sponsors and management.

The second challenge was Stakeholder Management. Although all stakeholders were committed through all project phases, due to the high impact of this pilot on business within IBM Global Business Services in Germany, in Europe and worldwide and on IBM Germany across business units, it was challenging to manage such a high number of stakeholders.

The third important point was to ensure alignment with the global strategy and long term implementation plan for this initiative.

Fourthly, it was of great importance to support the registration process at the very beginning, both at and after go-live in order to ensure fast establishment of the community. The recommendation is to set-up a war room where the teaming between the responsible human resource staff and moderators is fast and easy, rather than rely on a virtual team.

Next steps: The Greater IBM Connection globally

The vision is to build an exclusive meta-social network for former and current IBMers independent from the online community where they are members, and integrate all the online communities which are set-up at different affiliates on different platforms including XING, LinkedIn, Facebook, Selectminds, etc.

The platform roll-out has started and will continue in Germany across Business Units and in Japan, with further global roll-outs planned for 2008. The Greater IBM Connection will also incorporate grass roots initiatives, to further encourage member-driven activity.