

Corporate Strategy Board



SECTION II

IBM's Deep Dive Strategy Process

Research Initiative

The central objective of the Corporate Strategy Board's research on continuous strategy creation is to identify strategy processes that allow for timely and rigorous analysis of critical strategic issues as they emerge throughout the year. Across the summer and fall of 2000, the Corporate Strategy Board will profile several case studies of large corporations that have experimented with various approaches to ongoing strategy creation. This first case study in the series profiles the deep dive strategy process at IBM.

Case Study: Executive Summary

In 1996, IBM Corporation (\$87 billion technology firm) introduced a deep dive research process to provide an off-cycle forum for timely analysis and decision making on major strategic issues. As strategic issues emerged across the year, the Corporate Executive Committee (IBM's CEO and top 11 executives) launched 90-day projects—deep dives—to develop solid analytical insights as well as a proposed course of action for each issue. The Corporate Executive Committee would then review the deep dive findings and, if needed, endorse a course of action.

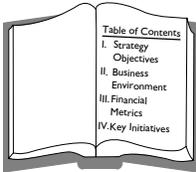
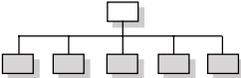
For three years, IBM ran the deep dive process in parallel with its spring strategy reviews. Over that period, IBM found that the quality of strategic thinking and strategic decisions generated in the deep dives was far superior to that of the annual reviews. The annual reviews, it found, produced planning, not strategy. In addition, IBM found that the deep dive process provided a strategic context for off-cycle decisions made throughout the year. In a dramatic step in 1999, IBM chose to abandon its traditional spring strategy reviews in favor of an ongoing strategy development process founded on these deep dives. Due to the evident promise of this approach, IBM is replicating the process at lower levels of the business.

Annual Strategy Reviews Found Ineffective

For decades, IBM's strategy development process revolved around its spring business unit strategy reviews. This annual process was quite labor-intensive as it took several months and numerous staff to compile the business unit strategy documents that served as the cornerstone of the process. In addition to being cumbersome, IBM found that the annual process was producing "plans" instead of real strategy, was highly siloed and overlooked cross-unit issues, and was ill-suited to react to emerging issues in a variety of IBM's fast-moving technology markets.

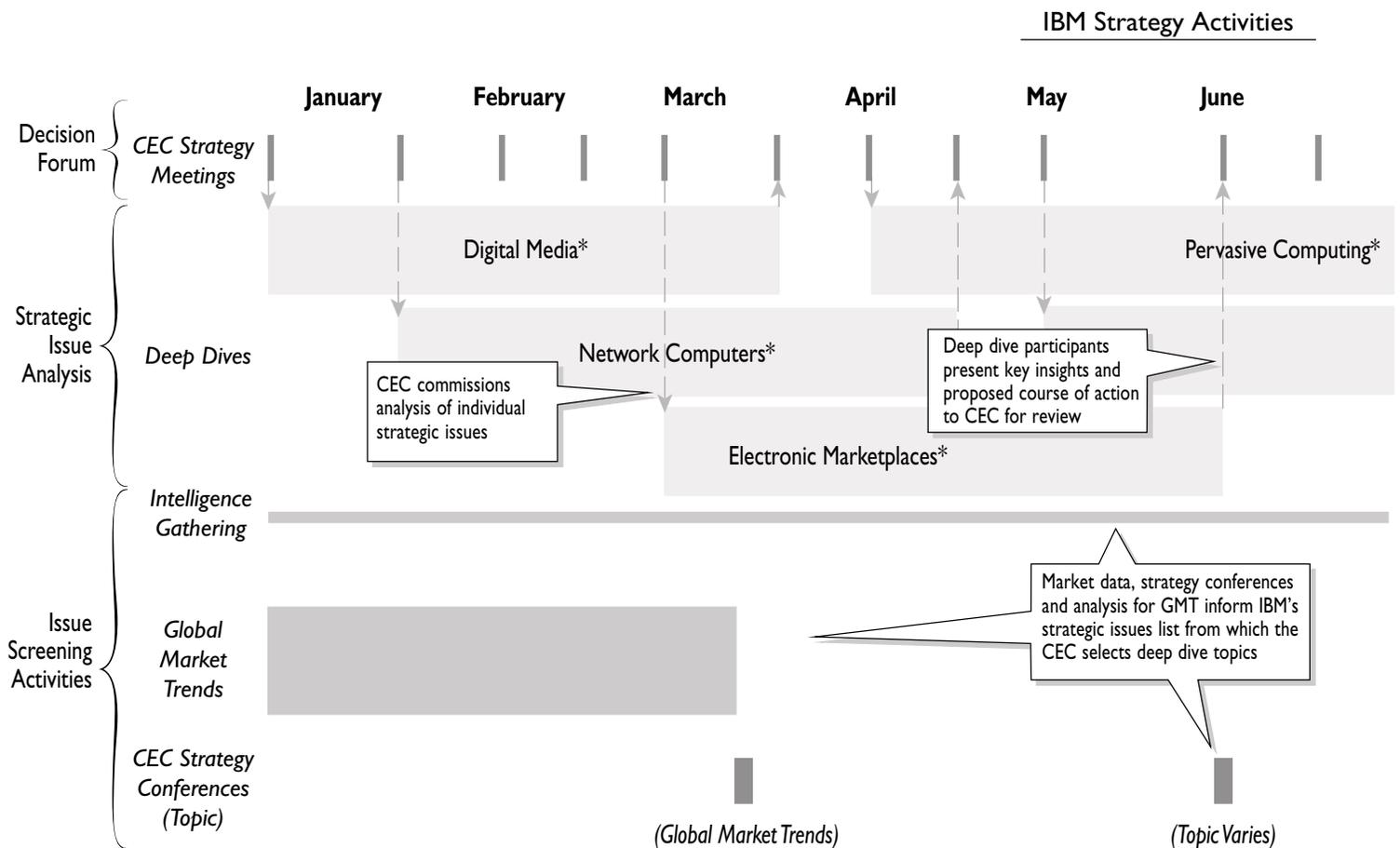
These limitations moved IBM to abandon its annual process in 1999 in favor of a new process aimed at accomplishing three goals: first, ensure that strategic issues are addressed quickly; second, create a more rigorous decision-making process that would challenge assumptions and broaden their view of available options; and third, address the cross-unit issues missed in traditional business unit-centered process.

IBM's Traditional Annual Strategy Review Process (Pre-1999)

	Description	Limitation
Frequency 	Annual (each spring)	Periodicity did not allow for timely analysis of strategic issues as they emerged; in fact, most strategic business decisions happened outside the context of the annual cycle
Organizing Principle 	Strategic planning	Calendar placement before the fall budget process led to a focus on incremental planning rather than engagement with specific emerging issues and truly strategic thinking
Output 	25–40 page business unit-specific strategy document	Staff-level exercise with too little direct general management involvement; encouraged documentation of strategy rather than thorough reevaluation of strategic positioning or analysis of specific strategic issues
Scope 	Individual business units	Organizational focus discouraged identification of cross-business unit issues or opportunities; rather, it encouraged siloed thinking

A YEAR-ROUND APPROACH

In the summer of 1999, IBM set about replacing its annual strategy review process with a year-round series of topically focused strategic assessments. The new cycle is based on a set of 20 half-day meetings that provide the senior executive team with a forum to review market developments and strategic issues. Much of the agenda of these meetings is now taken up by a review of findings from accelerated analytical exercises known as deep dives, which are assigned and executed on a rolling basis throughout the year.



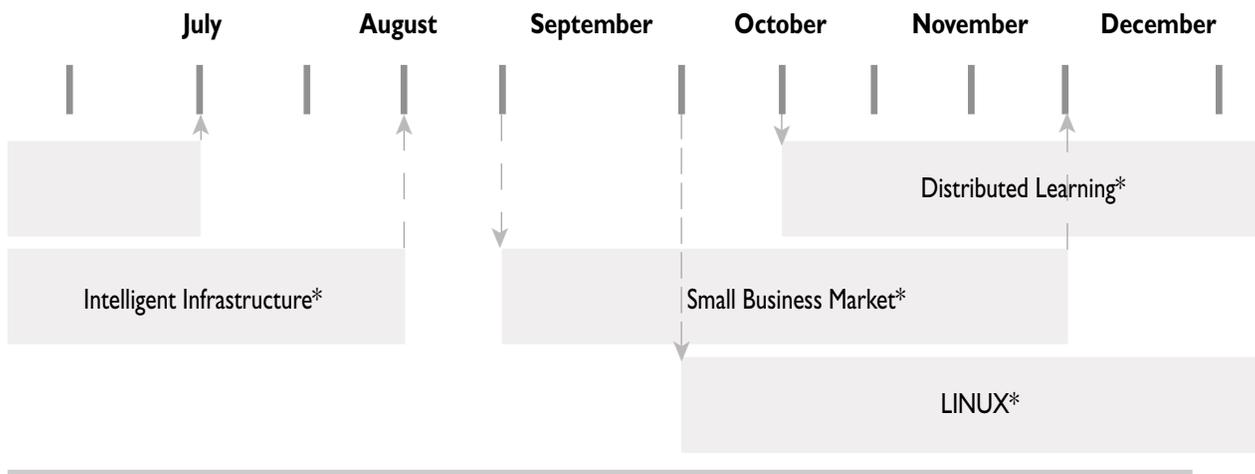
- **CEC Strategy Meetings**—Annual set of 20 meetings of IBM’s senior executive team set aside exclusively to discuss recent market events, commission deep dive research and review results from just-completed deep dive initiatives (see page 22)
- **Deep Dives**—30–90-day projects designed to provide in-depth analysis of a selected strategic issue; deep dive culminates in a white paper and discussion with the CEC on a specific course of action (see pages 23–31)
- **Intelligence Gathering**—Year-round screening of market, competitor and technology information that serves as input to all strategy activities

* Hypothetical topics.

TO STRATEGY DEVELOPMENT

Data collection and analysis is carried out throughout the year in support of deep dive initiatives. At the same time, the strategy staff maintains a vital set of potential deep dive topics through continuous contact with business unit executives and periodic interviews with members of the CEC. Also ongoing is foundational work for an annual “context” document known as *Global Market Trends*, meant to refresh the executive team’s assumptions about the state of the world in their various markets.

Across the Year



(Strategic Resource Allocation)

(Global Technology Outlook)

■ **CEC Strategy Conferences**—Four full-day strategy conferences for the CEC held across the year focusing on topics such as the Global Market Trends analysis and strategic resource allocation

■ **Global Market Trends**—100+ page, data-rich document compiled by the corporate strategy team each year to synthesize information collected throughout the year on market activities and to highlight major trends impacting IBM (see pages 20–21)

Component #1: Dynamic List of Critical Strategic Issues

Building a “Living” Strategic Issues List

IBM’s corporate strategy team manages an evolving list of approximately 20 strategic issues or opportunities facing the firm at any given point in time; this list serves as the driver for deep dives. The challenge is to continually update the list through a screening process that is both sufficiently broad to ensure a robust worldview, but also selective enough to focus on the most serious and pressing issues.

One major input into this screening process is the document known as *Global Market Trends*. The forced synthesis needed to prepare this document on an annual basis helps to form a common orientation to the external world among the senior executive team, while ongoing discussions with individual senior executives ensure that consensus does not drive out individual opinion.

Excerpt from Global Market Trends Document

Global Market Trends 2000

Chapter 1
Businesses are Adopting Powerful New Techniques to Cope with Risk
Staged investments, real options and granularization of risk open new possibilities for investment management.

THE NEW COMPETITIVE LANDSCAPE

A. The recent work on **Emerging Business Opportunities (EBO)** emphasized how an approach to risk management appropriate to a mature, Horizon 1 business, is inappropriate to Horizon 2 and 3 investments. A horizon 1 risk management works well when uncertainties are well understood and when exit options are nonexistent or very costly.

This is in stark contrast to the approach of a Silicon Valley venture capitalist or entrepreneur, where carefully **staged investments and reviews are used to manage risk** in a situation involving far greater uncertainty, where each month brings significant new learning and consequently a new understanding of the business situation. An early investment in Horizon 3 is viewed as taking an **option on the future** – reserving the right to play by securing an initial strategic position and enabling learning. Later investments are contingent upon early experiences. By limiting the downside risk without limiting the upside potential, staged investments create economic value that is usually not represented in a traditional discounted net present value calculation.

B. Parsing risk and staging investments represent the first steps to the more sophisticated **real options** approach to strategic investments that has developed in the financial markets, and is now finding broadened acceptance in other industries. Forward and options contracts, and hedge investments (often in the form of derivatives) are used to diminish risk associated with market volatilities. The greatest immediate potential for this approach in our industry is probably in chip production and procurement.

A Staged Investment Takes an Option on the Future while Ensuring Exit Points

Horizon 3: Concept Plan, Seed, Plan, Prototype, Build, Offering, Exit

Horizon 2: Build Market, Investment, Exit

Exercise Option, Uncertainty

Options Increase Investment Value

Without Option: Investment Value (\$) vs Time (Low to High)

With Option: Investment Value (\$) vs Time (Low to High)

Meeting in the Middle: Industries Converge on Ways to Granularize Risk

Capital Markets: Real options, Contingent Capital, Insurance, Traditional Risk Transfer, Traditional Financing

Insurance Companies: Package insurance policy, Loss-sensitive policy

Real options: Real options, Contingent Capital

Capital structure: Financial hedges

Source: Diamond Technology Partners, Strategies Institute

Source: The Economist

Global Market Trends 2000 - IBM Corporate Strategy - IBM

Global Market Trends 1999 - IBM Corporate Strategy

20

Document identifies external trends impacting IBM

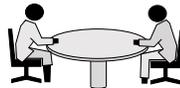
Each trend is analyzed to identify potential consequences for IBM

Identifying Most Relevant Market Trends

Although many organizations prepare annual strategy documents, *Global Market Trends* goes beyond repeating strategy principles or recounting recent events to uncover underlying trends and provoke discussion on potential implications for IBM. In addition, the creation of this document ensures a discipline of “pulling up” from ongoing data collection and monitoring activities to analyze events and communicate them to the organization. This rigorous process of synthesizing all market activity over the year forces convergence on a set of most critical trends and creates a cohesive view of market events.

Overview of Global Market Trends Development Process

Gather Insights



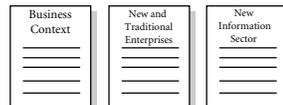
GMT team conducts one-on-one interviews with industry thought leaders, customer visionaries, business partners and IBM employees; in addition, the team reviews market data, business press and academic material

Create Bumper Stickers



Inputs from data and interviews generate debate on market trends; each trend is turned into a “bumper sticker” or a short phrase that clearly articulates a fact-based hypothesis

Synthesize Ideas



Regular working sessions are held in IBM's “war room”; internal and external thought leaders debate proposed hypotheses and cluster trends around dominant themes

Select Trends



Each trend is debated to determine 1) if it is an established trend or simply an uncertainty to be monitored for future action and 2) if the trend is significant enough in its potential impact on IBM to warrant inclusion in the GMT document

Validate Trends



Each trend is validated with an advisory council of selected customers, IBM's strategy executive council of line and staff strategists and the Corporate Executive Committee

Communicate Findings



Three-month synthesis process culminates in publication of annual document that describes each trend and relies heavily on data and graphics to support its conclusions; document is circulated throughout the organization as a basis for unit strategy work

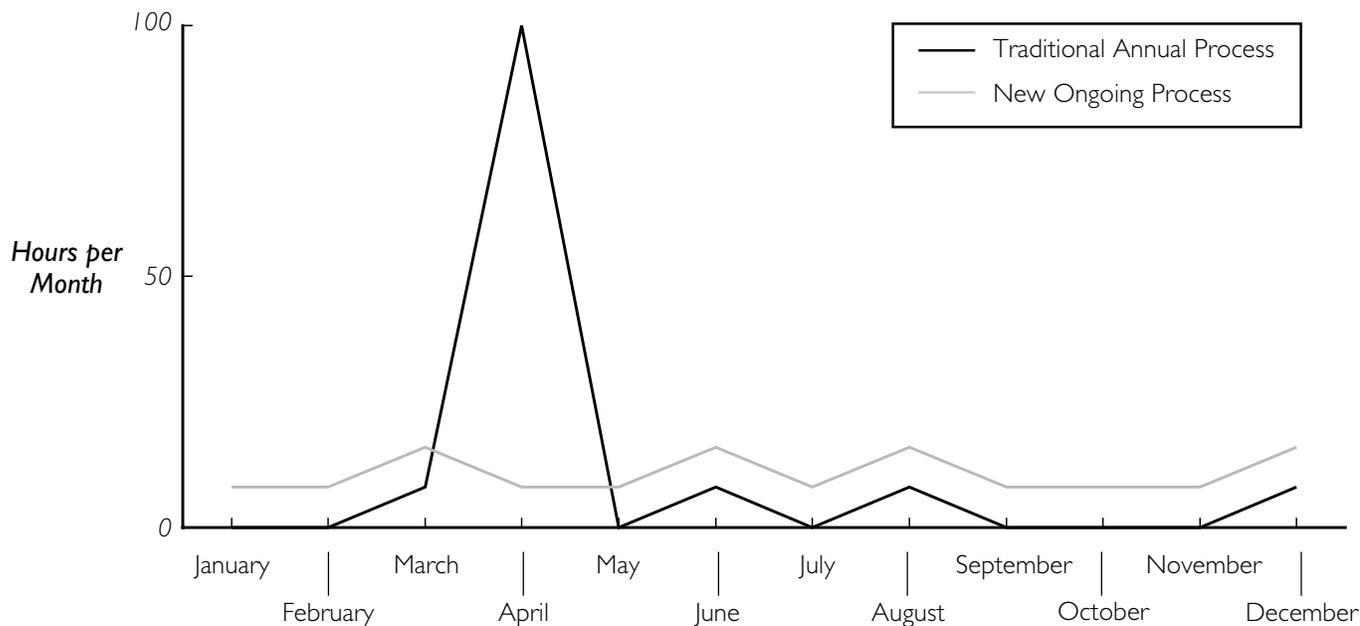
Component #2: Senior Executive Attention Throughout the Year

Bi-Weekly Strategy Meetings

A critical component to making this process work across the year is ensuring ongoing devotion of senior executive time to strategic issues. At 20 meetings across the year, the Corporate Executive Committee devotes a half day purely for strategy issues, protecting this time against encroachment by operational matters. Typically, this time is spent in reviews and discussion to gain a shared understanding of a specific deep dive issue. Beginning in 2000, one of these sessions each quarter has been dedicated to discussion of emerging market opportunities. Additionally, CEC Strategy Conferences in March, June, August and December provide a forum to discuss the *Global Market Trends* document, IBM’s technology outlook and strategic resource allocation issues.

By holding these meetings regularly throughout the year, they are able to capture the “energy of the moment”—the strategic excitement that is immediately generated by a strategic event. In addition, these biweekly meetings overcome the common logistical challenge of bringing together senior executives to discuss unpredictable yet pressing market events. Although the CEC’s engagement with the strategy process is now spread throughout the entire year, IBM has found the total time commitment to be comparable to the annual process.

Senior Executive Time Commitment to Strategy Sessions

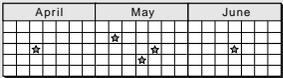
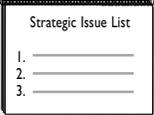
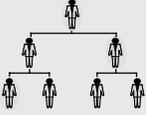
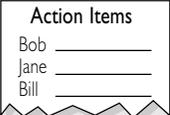


Component #3: Dedicated Resources to In-Depth Analysis

Deep Dive Projects

At the heart of IBM's strategy process is its procedure for analyzing specific issues, called deep dive initiatives. The goal behind the deep dive process is to ensure the rigor of a structured analytical process within a contained time frame. The initiatives are staffed with two teams. A core research team of four to six employees (typically subject area experts and a consultant/facilitator from the corporate strategy group) are detailed to the process two to three days per week. In addition, an executive decision team of two to four business unit managers and executives is assembled from business units and functions across the company. These executives are selected because they control the resources that will likely be needed for strategy implementation.

Overview of the Deep Dive Process

<p>Frequency</p> 	<p>As needed; ongoing</p>	<p>Commissioned throughout the year and conducted in parallel as strategic issues arise; four to eight corporate-level deep dives are underway at any given time</p>
<p>Duration</p> 	<p>30–90 days</p>	<p>Typically, 90 days are devoted to each deep dive for research, analysis and development of a strategy; experimentation with project length has shown that some issues can be addressed in as few as 30 days, but no topic should take more than 120 days</p>
<p>Organizing Principle</p> 	<p>Individual strategic issues</p>	<p>Focused around specific strategic issues and opportunities that require further analysis to determine the best strategy</p>
<p>Output</p> 	<p>Suggested course of action</p>	<p>Participants prepare a paper that describes the proposed course of action and the rationale; the white paper is provided to the CEC as preparation 10 days before the final review</p>
<p>Participants</p> 	<p>Senior executives, subject matter experts and strategy staff</p>	<p>Senior executives are involved throughout the deep dive process; 4–6 subject matter experts and a member of the strategy function staff the core team; the CEC reviews the final proposed course of action</p>
<p>Management</p>  <p>Executive Decision Team</p>	<p>Structured oversight</p>	<p>Milestones, deliverables and checkpoints occur throughout the 90 days to ensure effort benefits from mid-course corrections and moves toward closure with careful oversight</p>
<p>Closure</p> 	<p>Resource commitment rule</p>	<p>Decisions must result in immediate resource allocation and assigned accountability</p>

Component #4: Templated Decision-Making Process

BUILDING A BETTER

Confidence in deep dives is buttressed by the use of proven techniques in decision and risk analysis. Most deep dives use an adaptation of this approach—IBM’s strategic decision process. Each of the three steps in the process involves the use of a specific tool, increasingly familiar to all members of the team. After an initial step of scoping, the process moves on to the task of surfacing the full range of strategic options available to the organization. Attention is focused here on stretching the range of alternatives being considered, rather than being constrained by resource issues.

Three-Step Strategic

	<i>Phase</i>	<i>Time Frame</i>	<i>Activity Description</i>
①	Defining the Scope and Generating Alternatives	Week 1–Week 3	The core research team and the executive decision team work together to clearly define the problem or opportunity to be addressed; the core team then identifies and articulates a broad range of strategic alternatives that captures the debate within the organization; each alternative is then linked to a series of decisions
②	Analyzing Alternatives	Week 4–Week 9	The team analyzes the alternative strategies side-by-side with a common analytical model to understand the inherent sources of value and risk in each alternative; these insights form the basis for development of a hybrid strategy
③	Building the Hybrid Strategy	Week 10–Week 12	The team builds and documents a final hybrid strategy and links the strategy to operational decisions

DECISION PROCESS

Once these alternatives have been identified and described, the team then analyzes the set of alternatives. The goal here is to surface all possible sources of value and risk in each individual strategic option. Once this step has been completed, the team then moves to the final task of synthesizing a conclusive proposal, drawing on the best elements and insights from each alternative.

Throughout the three-step decision process, the core team compiles data, conducts analysis and synthesizes information into a series of deliverables. These deliverables are then presented to the executive decision team at the end of each phase to provoke and guide discussion. The goal of these checkpoints is to “design in” quality by ensuring those responsible for implementation are directly involved in shaping the work and that the core team benefits from mid-course corrections.

Decision Process

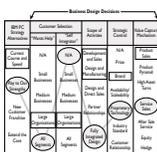
Tools

Deliverables/Output

Decision Hierarchy Triangle

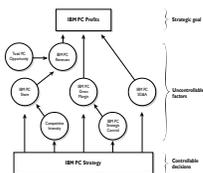


Strategy Alternatives Table

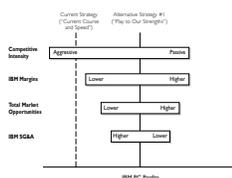


- Articulation of the policies/restrictions within which the strategy must be developed
- Definition of the full, doable range of strategic alternatives
- Connection of each alternative to the specific decisions and resource commitments that define it

Strategic Influence Diagram

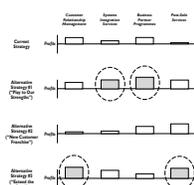


Tornado Diagram



- Identification of critical uncertainties about the future that influence the value of a strategy
- Agreement on which actions in each strategy contribute the greatest value
- Identification of sources of risk for each strategy

Hybrid Strategy Analysis



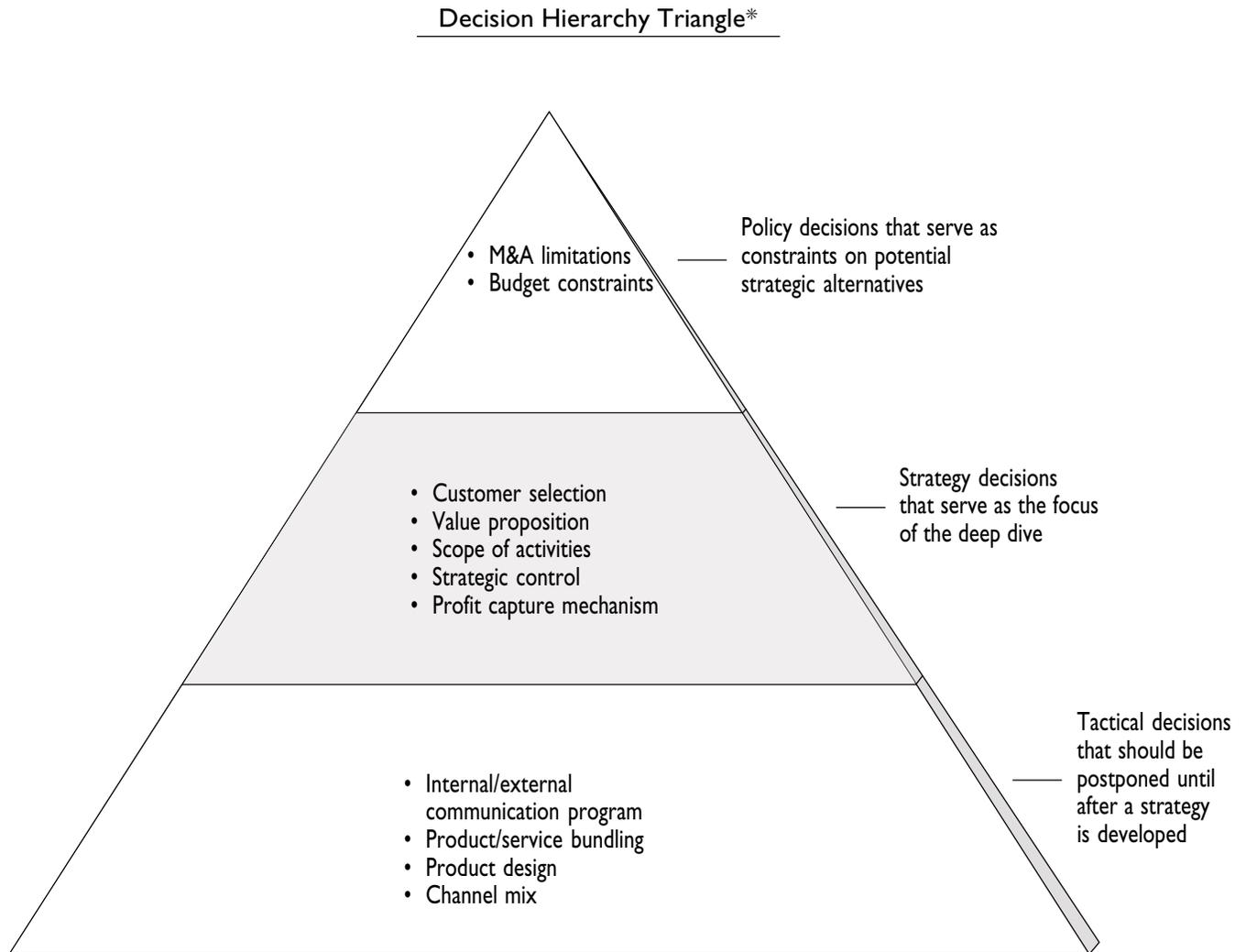
- Articulation of a specific proposed course of action and rationale for that action
- Identification of the signal events that might trigger a strategy “course-correction”

Phase One: Defining the Scope and Generating Alternatives

The Foundation for Discussion

As noted, IBM’s strategy team feels that it is extremely important to adequately define the strategic issue and the scope of the initiative before analysis proceeds too far. Thus, the deep dive process devotes early attention to problem scoping, which is governed by a *decision hierarchy triangle*.

In this phase, the core team works to divide all potential decisions into three categories: first, *policy decisions*, which serve as constraints around alternatives; second, *strategy decisions* that will be the focus of the deep dive; and third, *tactical decisions* that should be postponed until a strategy is chosen. This exercise forces participants to build consensus on the appropriate boundaries within which the deep dive is conducted.

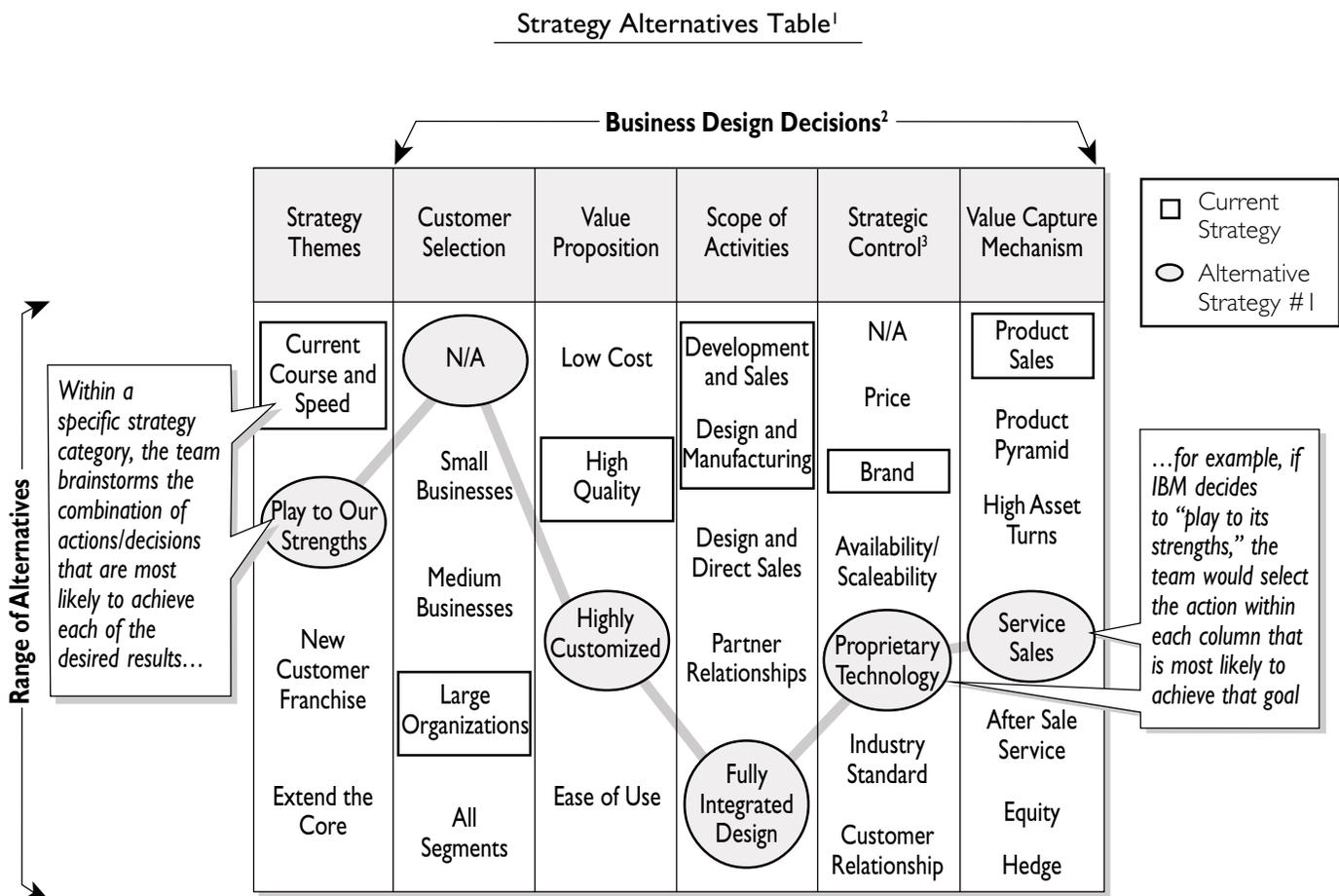


* Hypothetical example.

A Table of Strategic Alternatives

In an exercise designed to surface strategic alternatives, the core team builds a *strategy alternatives table* that captures the full range of debate within the organization on the appropriate course of action. The team works to “thread” the strategy table by defining each alternative in terms of a set of business design and resource-allocation decisions that are consistent with the strategy theme.

This exercise forces clear articulation of the individual decisions implicit in a strategic alternative. The assumption is not that one of these strategies is in fact the best course of action, but that by analyzing all the strategies explicitly together, the team will uncover insight into which components of each alternative create value and minimize risk.



¹ Hypothetical example.

Source: IBM; Strategic Business Processes, Inc.

² The decisions from the middle layer of the decision hierarchy triangle make up the columns of the strategy table.

³ Strategic control refers to a company's ability to sustain a competitive advantage.

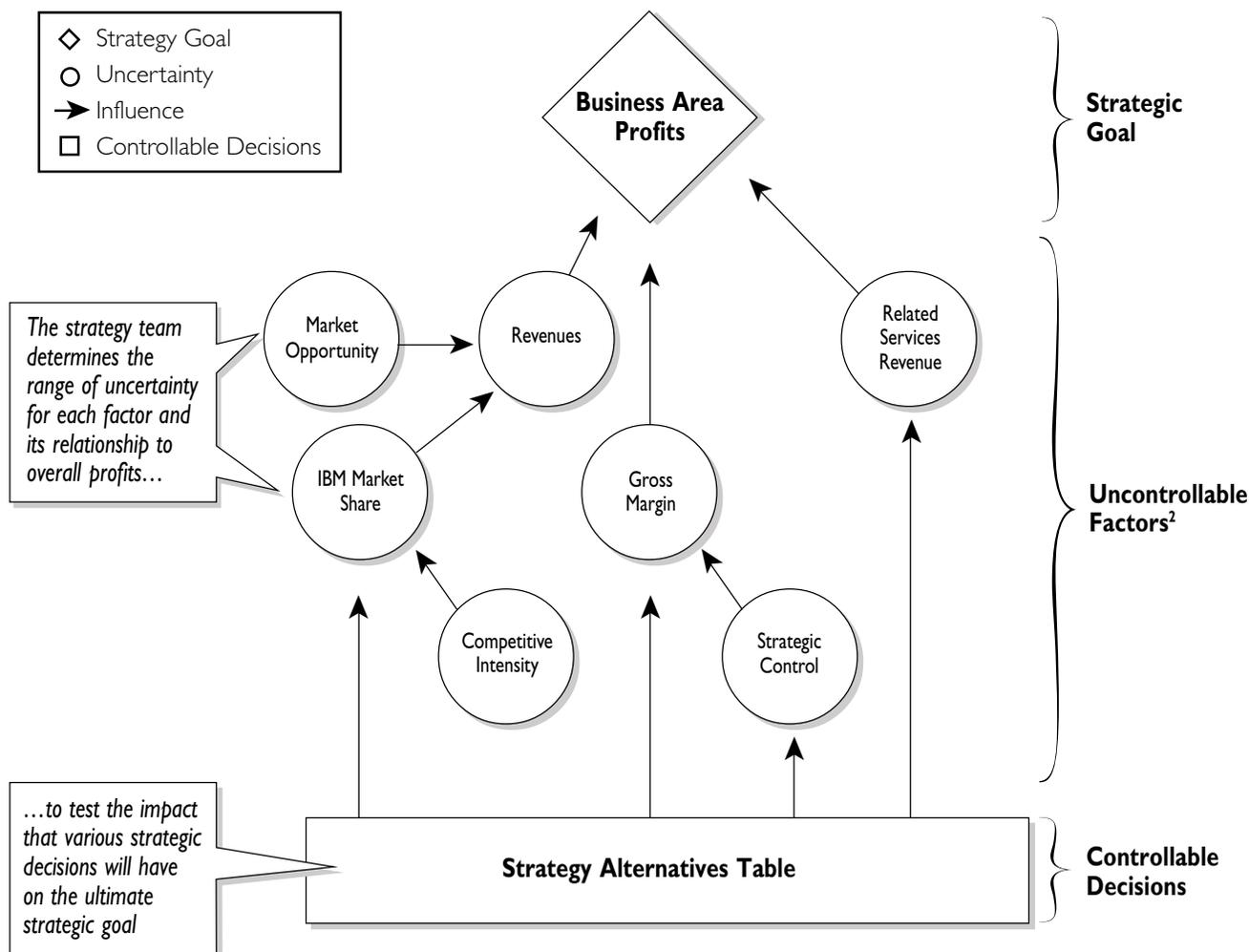
Phase Two: Analyzing Alternatives

A Map of Influences

Once the range of alternatives is defined, the team draws an *influence diagram* to group all the factors influencing the problem into those that are controllable through strategic actions and those that are fundamental marketplace uncertainties. The result is a model of how key driving forces interact with strategic decisions to yield desired results. This influence diagram is then used in later stages of the deep dive to assess the potential value of each alternative strategy.

Above all, across these early weeks of a deep dive, both the scoping of the problem and the mapping of influences are revisited as fact finding provides new information or insight into the strategic issue. Through these iterations the team gains clarity about the structure of the problem.

Strategic Influence Diagram¹



¹ Hypothetical example.

² Factors not directly controlled, though possibly influenced, by the strategy decisions under consideration.

Assessing Future Value

The goal of the second phase is to analyze areas of value and risk within each strategy. Across a several-week period, the core team works with experts throughout the company to understand the potential impact each strategy might have on profitability, estimating for each uncertainty the range of values from low (1 in 10 likelihood of occurring) to high (1 in 10 likelihood of occurring); the exercise includes estimating a nominal value for which there is equal likelihood that the real value is lower or higher. These three values allow the team to understand the potential range of uncertainty associated with each variable.

The next step is to calculate a nominal profit value for each alternative. This is achieved by plugging the midpoint or nominal values for each uncertainty into the influence diagram to generate a single predicted profit value for each strategy.

Calculating Nominal Profit for Each Strategy

1

Estimate Variables

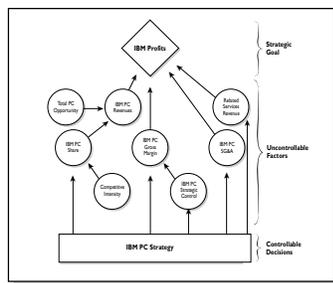
Strategy #1 (x = 50; y = 750; z = 0.25)
 Strategy #2 (x = 3; y = 425; z = 1)
 Strategy #3 (x = 13; y = 910; z = 3)
 Strategy #4 (x = 42; y = 115; z = 0.5)

Using the nominal value for each uncertainty in a given strategy...



2

Calculate Profit

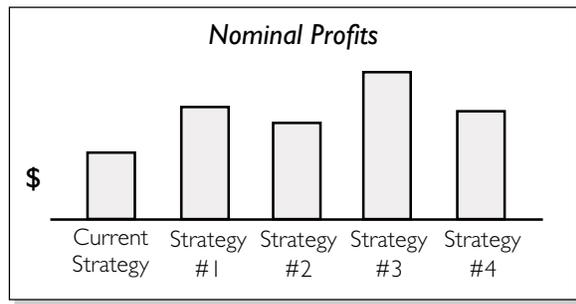


...a profit value is calculated by plugging the estimates for each uncertainty into the influence diagram...



3

Compare Estimated Profits



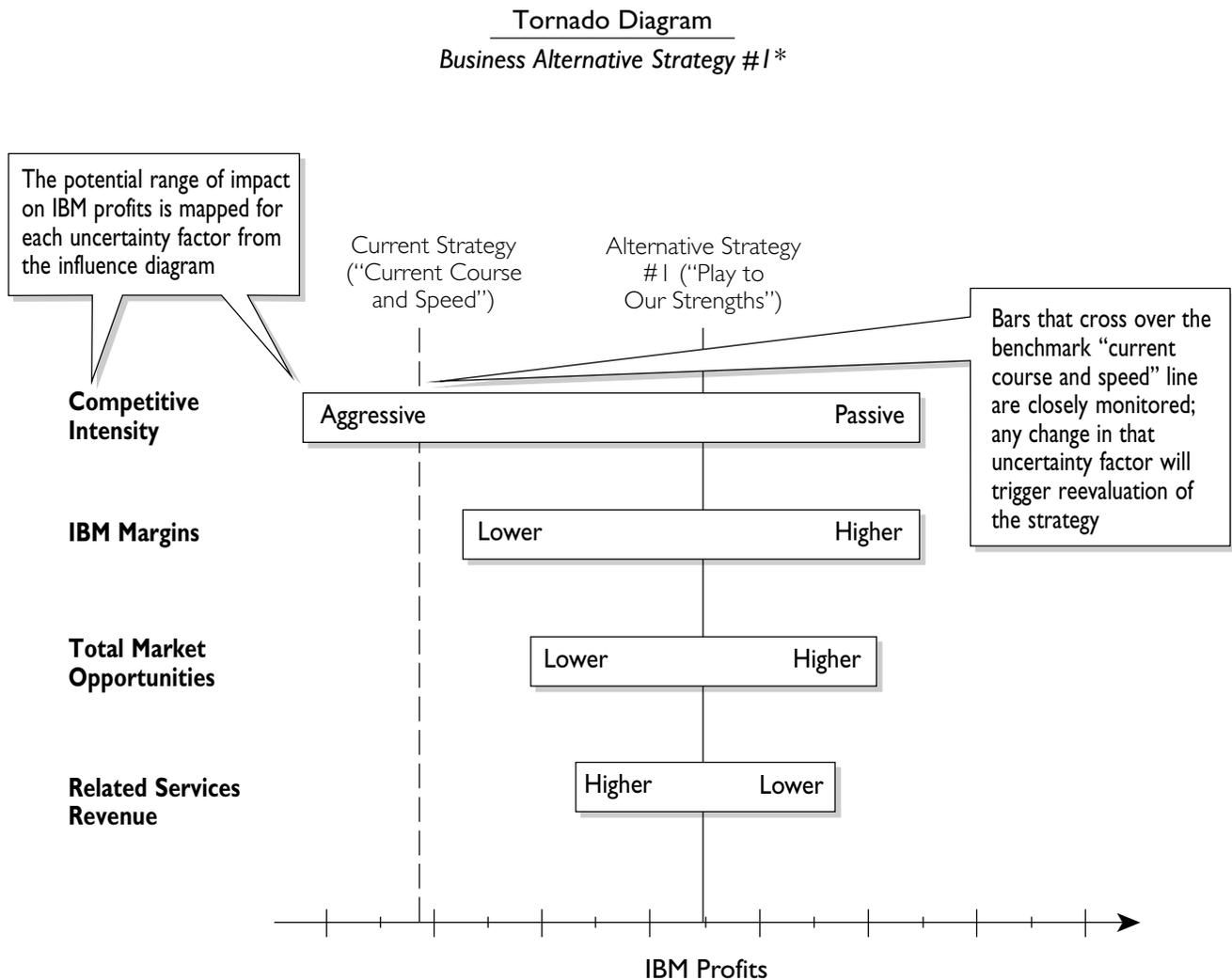
...and the nominal profits for each strategy are then compared

Phase Two Continued: Analyzing Alternatives

Uncovering Sources of Risk

Once the team understands the likely profit level for each strategy, it shifts its analysis to focus on the areas of risk associated with each strategy. The risk is analyzed by running the best and worst case scenario estimates for each uncertainty through the influence diagram to uncover the range of impact on profitability.

Once the range of variability is understood, a *tornado diagram* is constructed for each alternative strategy by arranging the uncertainties from greatest to least impact on profitability. The tornado chart helps narrow the list of uncertainties from several thousand down to the three to four that are truly “decision critical.” Any change in these most significant uncertainties will trigger reevaluation of the viability of the entire strategy. Consequently, these uncertainties become a natural focus for further market research.



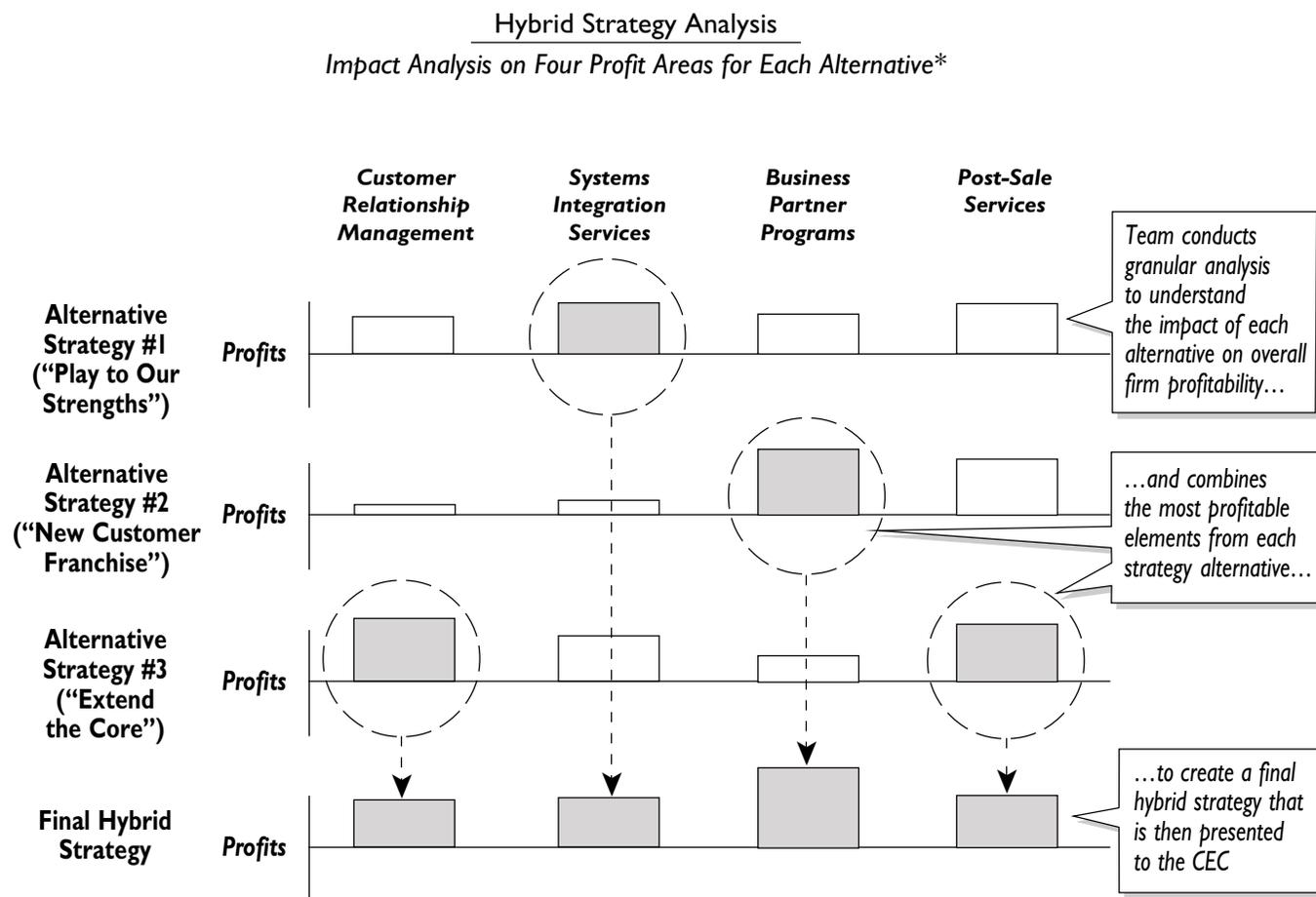
* Hypothetical example.

Source: IBM; Strategic Business Processes, Inc.

Phase Three: Developing a Strategy

Building a Better Strategy

In the final step of the deep dive decision-making process, the core team fashions a final, synthetic strategy based on the insight gained throughout the deep dive process. The final strategy aims to maximize areas of value while minimizing areas of risk to produce a hybrid, yet coherent, strategy. The team then documents the strategy and its rationale in a white paper that is delivered to the Corporate Executive Committee 10 days before the designated CEC strategy meeting. Completion of the deep dive requires allocation of resources in support of the decision. Decisions are not viewed as complete until resources are allocated and accountability is assigned for implementation.



* Hypothetical example.

Source: IBM; Strategic Business Processes, Inc.

Case in Point

Leveraging the Learning

Although deep dive initiatives are centered on a specific issue or opportunity, the insights from the exercise are often broadly applicable. During a meeting of the top 35 executives at IBM, one executive from the software division voiced concerns about the server division’s partnership agreement with a significant competitive player in the software industry. The software executive viewed the partnership as detrimental to IBM’s standing in the software market. IBM launched a deep dive to determine the best course of action for IBM’s relationship with this specific firm. The executive decision team for the deep dive was comprised of representatives from the divisions within IBM that had a vested interest in the nature of its relationship with the third-party software firm. The end result was a broad set of guidelines that now informs IBM’s actions when partnering with firms that are also competitors.

The “Co-opetition” Deep Dive

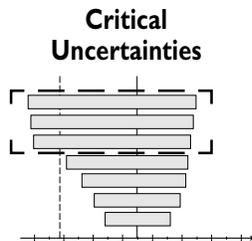
Phase 1

“Mild to Wild” Set of Alternatives

IBM EC Strategy Theme	Customer Solution	Value Proposition	Strategic Actions	Strategic Context	Value Capture Mechanism
Current Core and Spend	High	Low Cost	Product and Sales	Price	Product
Open to Disrupt	Small, Incremental	High Quality	Design and Engineering	Brand	Product
New Customer Frontiers	Platform Business	High Customer	Design and Brand Value	Availability	High-end Service
Shared Risk Core	Large Organization	Low Customer	Personal Information	Personal Information	Service Side
	All Segments	Base of Use	Full Engagement	Customer Intimacy	After-Sales Service
					Expert Help

Initial opinions were strong and divergent, ranging from aggressive partnership to a strictly competitive relationship. After articulating each division’s view, team members then had to “thread” the strategy table with what they thought were the best set of decisions for IBM as a company. The exercise served to shift the tone away from hostile debate as more moderate views began to take shape.

Phase 2



Given the structure of the problem, several thousand uncertainties existed. The tornado chart analysis uncovered that only three of these uncertainties were truly decision-critical and focused their subsequent analysis on these three.

Phase 3

Broad Guidelines for “Co-opetition”

Rules of Engagement

Guiding Principles

- Customer value comes first
- IBM shareholder value is second

Situational Guidelines

One-on-one _____

One-on-many _____

Many-on-one _____

The analysis yielded two primary outputs. First, a set of principles that should underlie all partnership agreements. Second, a list of guidelines that inform IBM actions in situations of “co-opetition.”

Results

Improving the Quality of Decisions

Beginning in 1996, IBM conducted its deep dives in parallel with the annual strategy review process. As the quotes below indicate, it became apparent that strategic decisions reached using the deep dive method were superior to those reached in the annual strategy process. As a result, IBM abolished the annual strategy review process in 1999. IBM believes the superiority of the deep dive decision process is driven by four principal factors:

- 1) *Issue-focused organization*—deep dives are targeted around topical issues and opportunities rather than artificial organizational boundaries
- 2) *Breadth of alternatives considered*—participants develop a broader set of more innovative strategic alternatives than they would otherwise
- 3) *Extent of reality testing*—process tools facilitate articulation, then validation or rebuttal of core assumptions regarding the nature of the problem and the most valuable strategic response
- 4) *Proximity to emerging events*—deep dives are initiated throughout the year as strategic issues emerge; as a result, deep dives capture the “energy of the moment” to fuel better strategic thinking

Moving away from the annual cycle has also had an impact on the allocation of resources. First, by eliminating the burdensome task of preparing for annual strategy reviews, IBM has freed executives to spend more time on truly strategic issues. Second, these unit executives are becoming more intimately involved in strategy creation as the process itself has migrated from being a cumbersome documentation exercise to an efficiently managed engagement with strategic issues.

BREAKING THE CYCLE

“Over the past few years we realized that our best strategic thinking comes through the learning we gather in our deep dive initiatives. If you force strategy onto a calendar, you end up with planning, not strategy.”

“Working year-round to address strategic issues makes more sense than our old once-a-year process. We feel that this new process helps us make better strategic decisions because we’re not only thinking about topics in a way that forces us to uncover insight, but we’re also harnessing the energy of the moment to fuel better strategic thinking. Almost every executive who participates in the process has at some point a ‘head-slapping’ realization about where the value is in a given strategy.”

Dan McGrath
Director, Education & Methodology
IBM Corporate Strategy

Implications for the Strategy Function

A New Role for Corporate Strategy at IBM

As IBM has replaced annual strategy reviews with its ongoing process, new demands have been placed on the corporate strategy team, most specifically those of educator and facilitator of the new process. The group now spends the vast majority of its time facilitating individual deep dives, building and communicating the *Global Market Trends* document and teaching the new strategy process to manager groups across the company.

This new role of facilitator and educator is most visible in the deep dive process itself, since a member of the corporate strategy group serves on the core research team of each deep dive. To fulfill this new role, the group has changed its own composition, growing by 50 percent since 1996 and relying much more heavily on sourcing talent from top consulting firms rather than relying on IBM's internal pool of talent.

IBM Corporate Strategy Group Activities

IBM Corporate Strategy Group (Circa 1996)



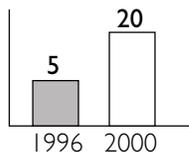
- Planning strategy conferences for Corporate Executive Committee (CEC)



- Selected actions and research activities driven by CEC's needs



- Oversight of business unit-based annual strategic planning process



- Facilitating role in a few deep dives each year

Staffing (= 10 principals)



Key  = Corporate strategy employees sourced externally

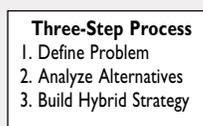
IBM Corporate Strategy Group (Circa 2000)



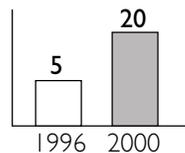
- Planning strategy conferences for the broader IBM strategy community in addition to CEC



- Development of educational strategy documents for broad distribution throughout IBM



- Teaching line managers how to leverage the strategic-decision process for lower-level strategy issues



- Facilitating role in 20+ deep dives each year

Staffing (= 15 principals)



