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Massive Worldwide Layoff Under Way At IBM

How many IBMers will get the ax as Project Chrome moves forward?

By **Tekla S. Perry** (/author/perry-tekla-s)



Photo: Scott Eells/Bloomberg/Getty

IBMers: Please share your experience with me directly at t.perry@ieee.org, on Twitter @teklaperry, or in the comments below. Keep yourself anonymous if you'd like, identify your job function and location if you're willing, but tell us your story, we want to hear it.

Project Chrome, a massive layoff that IBM says is not a massive layoff, is under way. According to tech writer Robert X. Cringely, reporting in *Forbes*, the company's workforce will be reduced 26 percent as part of this

initiative. With potentially more than 100,000 people at risk, this could be the largest single layoff (<http://www.washingtonpost.com/blogs/on-leadership/wp/2015/01/28/the-biggest-mass-layoffs-of-the-past-two-decades/>) by any U.S. corporation since 1993, when IBM cut 60,000 people from its roster. Cringely writes (<http://www.forbes.com/sites/robertcringely/2015/01/26/anatomy-of-a-layoff-how-ibm-is-likely-to-spin-this-weeks-force-reduction/>) that notices have started going out, and reports that most of the 26 percent will be gone by the end of February.

IBM immediately denied Cringely's report, stating that a planned \$600 million "workforce rebalancing" is going to involve layoffs (or what the company calls "resource actions") of just thousands of people. But Cringely responded that he never said that the workforce reductions would be all called layoffs—instead, multiple tactics are being used, including pushing employees out through low ratings (more on that in a moment). And some managers are indeed admitting to employees that their jobs have been eliminated as part of Project Chrome, leading employees to coin a new catchphrase: "Getting Chromed."

Folks in sales, support, engineering—in just about every job category—will be affected. The only IBMers who have been specifically reported to be safe are those working in semiconductor manufacturing, an operation that [GlobalFoundries is in the process of acquiring](http://www.extremetech.com/computing/192430-ibm-dumps-chip-unit-pays-globalfoundries-1-5-billion-to-take-the-business-off-its-hands) (<http://www.extremetech.com/computing/192430-ibm-dumps-chip-unit-pays-globalfoundries-1-5-billion-to-take-the-business-off-its-hands>).

Alliance@IBM, an organization for IBM employees run by the Communications Workers of America, says it has so far collected reports of 5,000 jobs eliminated. Numbers available on its site—not all are public—include 250 in Boulder, Colo., 150 in Columbia, Mo., and 202 in Dubuque, Iowa. Layoffs in Littleton, Mass., are reportedly "massive," but no specific numbers have been published. Pink slips have been said to be flying at IBM Australia, with rumors of 400 workers to be cut. And the *Economic Times* (<http://economictimes.indiatimes.com/jobs/ibm-india-staff-still-battle-tech-blues-fearing-more-layoffs/articleshow/46036521.cms>) in India reported last week that employees of IBM's offices in Bangalore were scrambling to find new jobs, trying to get out of IBM ahead of the coming tsunami. Those are the known layoff numbers to date. But then there's that performance rating scheme—also known as a stealth layoff—that involves giving previously highly rated employees the lowest rating (a 3) before showing them the door. A 3 can lead to immediate dismissal (<http://www.cringely.com/2015/01/26/ibm-right-gadfly>), particularly for employees who signed on to what IBM calls the "Transition to Retirement" program, in which employees commit to a specific retirement date and accept cuts in hours and pay in return for being protected from dismissal *unless they get a poor performance rating*. For a regular full-time employee, a rating of 3 can put him or her into what is called a performance improvement plan, and if the rating doesn't improve in a set period of time, the employee can be fired for cause. PIPs are not uncommon in the business world; it's the number being given and the dramatically short length of time to improve that is concerning employees. Giving out 3s works to the company's benefit because it can lead to reduced severance benefits.

This isn't the first time IBM employees have received aberrant poor performance reviews shortly before a layoff. A former employee who was cut in a resource action, or RA, in 2010 confirmed this, telling me that after years of top ratings, he received a 3 just before he was let go, even though he'd just had what he perceived as his best year ever.

Anecdotal evidence of an increase in poor ratings is beginning to surface. Here are a few examples from the employee comment thread at [the Alliance@IBM website](http://www.endicottalliance.org/jobcutsreports.php) (<http://www.endicottalliance.org/jobcutsreports.php>):

- “I worked in the Lenexa, Kansas, lab for a year and 8 months. I received an unexpected 3 on Tuesday and then had a meeting Wednesday informing me that I am part of the resource action.”
- “After 13 1/2 years got RA’d today, age 38. Received a ‘3’ after years of 1, 2+, 2.”
- “In [Research Triangle Park], I have talked with several people this week who were given unexpected ‘3’ ratings and were told that they have 30 days to improve their performance, with consequences if not successful.”

The fascinating stream of comments is available here.

(<http://www.endicottalliance.org/jobcutsreports.php>).

Some older employees believe they are being hit the hardest, and are trying to collect data for a potential class action suit, which is hard to come by. Some examples of experiences posted:

- “54 years old, 22 years of experience rated 2 last five years, just had my rating with my manager, 15 minutes, rated a 3, no reason given by manager. RA’d”
- “RA’ed yesterday. I’m 56 years old. I [had] a consistent 2 as an information developer in [the software group] in San Jose, CA.”
- “RA’d; last day 2/27; Rating: 2; Age: 61; Job Responsibilities: Chief Engineer. Played and RA’d”

Of course, the appearance of the situation, in the eyes of employees and the public, is not being helped by the fact amid IBM’s actions comes the board’s announcement on Friday of a big raise (<http://www.latimes.com/business/hiltzik/la-fi-mh-ibm-redefines-20150202-column.html>) for CEO Ginni Rometty.

The text of this post was reedited for clarity on 6 February 2015.

Corrections include:

The subhead was changed to reflect the fact that 100,000 is not a hard and fast number.

The name of IBM's retirement program was incorrect. The program is called Transition to Retirement. Bridge to Retirement was a similar, previous program.

The description of Alliance@IBM was clarified. It is a nonunion organization run by the Communications Workers of America labor union; it is not a union itself.

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