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## Offshoring hits home

### Worker tells story of IBM layoffs

**By Craig Wolf**

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When Steven Bergeron lost his job at IBM in Poughkeepsie, he became part of a new statistic: The shifting of work to other countries. Overseas outsourcing, some call it, or just "offshoring."

But behind those statistics are real people whose lives have been put into turmoil.

"I had this sick feeling in my gut that the company I had trusted and believed in was turning its back on me," Bergeron said.

Bergeron, now of Massachusetts, has worked 24 1/2 years for IBM Corp., one of them in Poughkeepsie, from August 2003 to August 2004.

That year was a life-after-layoff experience. He had managed to get back on the IBM payroll after an earlier downsizing only to find that his new job would lead to another layoff. This time, his work was to be shipped off to India, and he even had to help train the Indian IBMers who would take the work back to Bangalore.

### Closing operations center

The job he had been given eventually involved closing down a procurement operations center. "Not only do I have to teach my replacement, I have to sit with them ... while they're in Poughkeepsie, taking my job from me, and then it's my job to be on daily conference calls to help them be a better team in India," Bergeron said. "It takes an emotional toll on employees."

Ironically, one of his earlier assignments, begun in 1999 while he was based in Burlington, Vt., was to help design the system of moving work offshore that would eventually cost him the job he would have later.

Bergeron doesn't hold anything against the Indian workers he and others at Poughkeepsie helped to train. And, he even spoke of them as reminding him of his own children, also in their mid-20s.

"I felt like a father to them in some ways," he said. "But I was amazed at their basic inability to communicate," both because of weaknesses in English and lack of background in procurement.

Bergeron offered his personal views on what it's like on the inside when a company's business

transformation hits home. And while his views are his own, and not the company's nor necessarily those of other displaced IBMers, they are similar to the laments voiced by many career IBMers swept aside as IBM's vaunted jobs-for-life model turned to jobs-till-whenever.

"For principles, and to give my children and their children more employment options, I am only trying to make IBM a better place to work," he said.

Outsourcing jobs of Americans to overseas people has become a trend for companies and a worry for workers. At least 366,753 jobs have been offshored, said the Washington Alliance of Technology Workers, a labor group that reports IBM alone has offshored 15,000 jobs. Industry analyst Forrester Research has predicted 3.4 million more in the decade ahead.

The Alliance@IBM, a labor union group of which many IBMers are members, including Bergeron, has urged the company to specify how many jobs are being offshored, but the company is meager with details.

But the movement of jobs is not over, IBM executives have said. Globalization is a standard strategy now for International Business Machines, a global company from its early days, but never like now.

### **'Globally integrated'**

They talk about pressing onward, finding low-cost jurisdictions and consolidating functions to take costs out of the business.

IBM is "moving to a new model," a "globally integrated company," Chairman and CEO Samuel Palmisano told analysts May 20. In the old model, IBM replicated its structure and all of its departments in each country as "self-sufficient IBMers." Palmisano said that now, specific functions and skills for the entire company can be located where it's best to locate them.

"We are optimizing key operations in the right places in the world — eliminating the redundancies and excess overhead — and integrating those operations horizontally and globally," Palmisano said.

Bergeron points out that "redundancies" is often another word for people losing jobs.

He's experienced it twice. The first one came in 2002 when IBM gave him a one-year leave of absence without pay to do volunteer work for Habitat for Humanity and take some time off. That job was eliminated before he came back. Halfway through his leave he began to apply internally for an IBM job but was not offered one. His leave was up June 30, 2003, which was the same day he was got his first layoff package.

He and his attorney argued that the layoff policy meant the company was to place him in a job. He fought it through the IBM bureaucracy and was given the post at Poughkeepsie, but with a two-level demotion and a few days to report. He sought a formal "open door" review of the demotion and assignment, but lost that appeal. Then on Jan. 7, 2004, came the announcement that the section's work would be outsourced to India.

IBM's policy, like that of most companies, is not to comment on individual employees' situations.

On March 29, he got his layoff notice from IBM's Integrated Supply Chain division, the corporate

purchasing department. He was part of what was left of the Procurement Operations Center in Poughkeepsie, where five of six staffers were selected to be fired.

The rest of the Poughkeepsie procurement operations center had already fallen under the offshoring ax.

On Jan. 7, 2004, about 80 people in Poughkeepsie got word their jobs would end and the work would be sent overseas, the Poughkeepsie Journal reported. Their jobs, and all similar work around the globe, were being consolidated into just three sites: India, Hungary and China.

IBM's local spokesman, Steve Cole, said it was not a layoff and about 30 IBMers would be placed in other jobs.

Posts held by about 50 temporary staffers from Manpower Inc. disappeared from Poughkeepsie.

### **Given new jobs**

This week, spokeswoman Tara Sexton of IBM's Integrated Supply Chain said, "All employees were redeployed to new jobs in other areas of procurement, including operations, strategic sourcing and procurement services."

But besides the 30 IBMers who got new jobs and the 50 temp slots that expired, there was a third group, Bergeron said, the one he was in.

The difference, he said, was that the laid-off group consisted of "Band 6" or below employees while the group that was protected with new jobs were ranked at "Band 7" and above. IBM has a band system with higher pay grades for the higher ranks.

For Bergeron, the emotional toll has more recently been added to by a physical one, a chronic disease he said was considered potentially fatal. He declined to make the details public.

"You're afraid to tell your employer because you're afraid it will be held against you," he said.

But in August, he told his managers of his illness and of his need to move to Massachusetts, closer to his support network of friends and family, and asked to be allowed to work from home.

Medications began, and work became more difficult, he said, prompting him to take a leave under the Family Medical Leave Act beginning Jan. 5 and lasting until March 28.

He received his permanent layoff notice one day after his medical leave expired, he said. The notice said his employment would "end on a date to be determined."

He said he is still with the company, supported through the company's sickness and accident medical plan, which provides reduced pay. He is not sure for how long.

After surviving two layoffs, both coming at the end of leaves, surviving offshoring and surviving his medical troubles, Bergeron suggests to others in trying circumstances that they do have choices and need not always simply accept what the management hands down.

Bergeron's 24 1/2 years with Big Blue have evolved from the quiet life of the contented IBMer of old to the turmoil of modern times.

His immediate goal, he said, is: "I want to make it to the quarter-century mark."

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