

4. Introduction

The IBM International Services Centre S.A in Madrid is an IBM 100% owner subsidiary, created in Summer 2003. The mission of this International Services Centre is to provide administrative support to Customers and Business Partners and to support IBM Sales Organizations for Western EMEA countries (Europe, Middle-East and Africa) (IBM Intranet, 2009, 2 march 2009, p. 1) .

It is essential to realize the difference between IBM and IBM International Services Centres, also called Centres of Excellence. IBM Spain deals with the sales of Hardware en Financing, Software and Services (IBM Annual Year Report 2008) while the Madrid International Services Centre addresses only Customer Fulfilment. Customer Fulfilment includes administration, creating proposals for business partners and clients, signing business contracts, collecting payments and cash collection. For mutual benefit, both divisions have to cooperate to attract more business partners, customers and deliver excellent quality to retain the best results for the IBM Corporation (IBM Intranet, 2009, 2 march 2009, p. 1) .

In the Madrid International Services Centre, all stated service and support activities are performed by employees coming from all over Europe or even outside of Europe and speaking a wide variety of European languages. The variety of cultures creates an ideal situation for delivering the best business support to Western EMEA countries. Understanding the customer is the first step towards excellent Customer Fulfilment realized by the Madrid Centre (Casalins Suarez, Francisco, 2009, p. 1-3).

The Madrid International Services Centre is an independently organized company but operates under the flag and existing laws of IBM. From a legal point of view, they are a 100% subsidiary of IBM which means they are an independently organized company but obliged to follow the corporate decisions of IBM. The Madrid International Services Centre's legal name is a Sociedad Anonima. Worldwide, the other International Services Centres are based in Hortolandia (Brazil), Bratislava (Slovakia), Kuala Lumpur (Malaysia) and Shenzhen (China). Logically, these centres are organized independently as well. All Centres of Excellence have to cooperate and deliver excellent end-to-end client service support, maximal cash position, efficiency and effectivity as well as supporting all business activities conducted by IBM (IBM Intranet, 2009, 2 march 2009, p. 1).

From a mental point of view the Madrid centre is facing competition from the Bratislava Centre, even though both are serving the same EMEA region. In theory, both centres should cooperate for mutual profit but lately, the Bratislava centre developed some projects without examination by the Madrid centre. I will not put the focus on increasing competition with the Slovakian centre because internal IBM competition is logically prohibited. However, their well structured Intranet and innovative Career Path could serve as an example for Madrid on how to improve brand identity and take optimal advantage of the existing business opportunities. This brings me to the introduction of the thesis statement: by means of which improvements can the IBM International Services Centre S.A. Madrid turn its weak brand identity into a strong brand identity and take full advantage of the numerous existing business opportunities within 5 years? After implementing the strategic recommendations, the 68% of the customers leaving the company should be decreased by at least 30% within the next five years.

The main problem of the Madrid International Services Centre and its consequences will be described now. The centre faces negative consequences from a weak brand identity which restrains them from delivering excellent Customer Fulfilment and realization of the existing business opportunities. Nowadays, 68% of the clients leave the Madrid International Services Centre because of poor customer service. Employees are not able to transfer a complete image of the Madrid International Services Centre to external clients. Note that internal change is the key to external excellence.

An elaborated marketing strategy and recommendations should serve as advice to improve the brand identity and visibility of the Madrid centre. External business partners and customers should be served better. IBM could attract more business within the EMEA market if Customer Fulfilment improves significantly. As mentioned above, the 68% of the customers leaving the company nowadays should be decreased by at least 30% within the next five years.

To limit the size of the thesis, the EMEA market will not be completely specified. Special attention will be paid to Spain because of its stable growth and the location of the International Services Centre in Madrid.

In brief, the first step before finding the most compatible strategy is determining the market definition. The next is defining the competition, although the competition is not the most important factor in this case. The centres Strengths, Weaknesses, Opportunities and Threats form the next elementary component in finding the ideal strategy. For example, how does the centre in Madrid

deal with its poor image and the running global economic crisis? A Political, Economical, Sociocultural, Technical, Environmental and Legal (PESTEL) analysis is necessary to complete the external component and will be followed by the analysis of the questionnaire and marketing mix. Strategic recommendations will give an overall advice based on the existing problem. Finally, the main supporting research methods are listed below:

- Field research: questionnaire amongst 50 employees
- Desk research
- Interview with the general manager

5. Company description

The Madrid International Services Centre could be best described by being a centre of choice where diversity in its widest sense goes together with delivering excellent service and support to clients within Europe, Middle-East and Africa (EMEA). The Centre is known for its winning spirit and employees willing to share their qualities with the Madrid International Services centre. According to general manager Francisco Casalins Suarez, they contribute with the following qualities: talent, skills, flexibility, knowledge, diversity and enthusiasm. These qualities form the raw material for the company to handle the challenge of delivering excellence in a globalizing environment (Casalins Suarez, Francisco, 2009, p. 1-3).

The journey of the Madrid International Services Centre started in September 2003 with five employees facing the challenge of fulfilling the need for excellent service support. IBM felt there was a lack of support for the IBM Sales Organization for Western EMEA countries. The purpose of the International Services Centre was to develop team working across organizations and with countries, as well as an intense sense of customer services. The mission of this International Services Centre is thus to provide administrative support to Customers and Business Partners and to support IBM Sales Organizations for Western EMEA countries (Casalins Suarez, Francisco, 2009, p. 1-3).

Madrid is a strategic location. The city is the gateway to Latin-America, Africa and has a multicultural environment. Indispensable is the presence of students attracted by the high number of universities located in Madrid. This matches with essential IBM values such as diversity and the professional development of young talent. IBM has always been striving to incorporate young talent (Casalins Suarez, Francisco, 2009, p. 1-3).

Approximately six years after the official launch, the centre has been growing from 5 to 750 employees coming from 42 different countries and speaking 55 different languages. The centre is delivering its customer fulfilment from two locations: the Customer Fulfilment Centre of Competence and the European Tele Collection Centre (Casalins Suarez, Francisco, 2009, p. 1-3).

For the centre, the term customer is not a static word. It is important to understand and respect the culture of all relations who are being managed. The cultural diversity in the Madrid International Services Centre facilitates the delivery of high quality Customer Fulfilment. The main mission is to add value to the customer service cycle. Every part of the cycle has to anticipate with the

customers' needs and wants. Delivering excellence is the best path towards future success.
(Casalins Suarez, Francisco, 2009, p. 1-3).

Please see Appendix 1 for more information

6. Market definition

6.1 Target group

Defining the target group is an essential step for executing any type of strategy in a successful way. Good market segmentation should result in an effective approach to the existing problem, the weak brand identity of the Madrid International Services Centre. The target group has to form the entrance between attracting more business activity within the EMEA region and decreasing the number of customers leaving IBM. To achieve this goal, the weak brand identity of the Madrid International Services Centre has to be improved. As explained before, IBM Spain delivers the product and the Madrid International Services Centre delivers Customer Fulfilment and collects the money from customers (Casalins Suarez, Francisco, 2009, p. 1-3).

As you will discover below, the target group is linked both to IBM and the Centre. The first step in defining the target group is determining who should be reached. A useful tool is the three dimensional business definition invented by Abell (12Manage, 2009, p. 1). The directly served customers consist of current and future business partners and customers within the EMEA market, covering Europe, the Middle East and Africa. The 68% of customers that leave the Madrid International Services Centre leave because of poor service. If current and future customers are targeted in the appropriate way, the Centre and thus IBM could increase its profitability within the EMEA market by attracting more customers and prevent current customers from leaving IBM. The rule is that customers make or break a company certainly can be applied in this case. Amongst the wide variety of customers of the Madrid International Services Centre is Arcelor Mittal and Volvo but also a high amount of companies operating in the information and technology sector. I noticed that business relations are maintained either through telephone- or conference calls. Indirectly, the Centres' senior management, employees and IBM executives within the EMEA region are reached as well. Indirectly they possess the ability to transfer messages to large sized groups of employees and have the power to transfer a positive view on the Centre to the employees. Internal measurements targeted to these groups form a so called instrument assisting the target group. If employees have a better knowledge of what the centre stands for, it will definitely be easier for the Madrid International Services Centre to deliver excellent Customer Fulfilment which will consequently be beneficial for its growth the next five years. Again, internal change is the key to excellence and satisfying business results (Casalins Suarez, Francisco, 2009, p. 1-3).

Step two is about defining the needs and wants of the customers on this corporate level. What are the future and current customers of IBM and the Madrid International Services Center looking for?

The Madrid International Services Centre is responsible for Customer Fulfilment after IBM has sold the product to the customer. (12Manage, 2009, p. 1). Customer Fulfilment includes administration, creating proposals for business partners and clients, signing business contracts, collecting payments and cash collection. The customer needs excellent service which the Centre should deliver to complete the circle (IBM Intranet, 2009, 2 march 2009, p. 1). In my opinion, the customers need a time efficient service without difficult processes and employees with sufficient knowledge to deal with different types of customers.

The final axe needs to satisfy the customers' needs by implementing technical instruments. The final recommendations will explain these instruments in detail. The final status should be delivering excellent support to the customers (12Manage, 2009, p. 1).

6.2 EMEA Market

The size of the EMEA market is vast. In 2008, the region of Europe, the Middle East and Africa contributed for 42.7 percent to the total revenue of IBM with an amount of \$ 37,020 million. The total IBM revenue for 2008 was \$103,630 million (IBM Annual Year Report 2008, 2009, p.16). The Americas formed the biggest market with 47, 1% of the total revenue and Asia Pacific completes the cycle with 29.3 percent of the total revenue. The EMEA market showed a growth of 6.7 percent in comparison with 2007. Interesting to see is that Spain is leading this geographical region with an annual growth of 12.0 percent. Germany follows with a growth of 10.8 percent and France with 9.0 percent. Italy is next with an annual growth of 5.8 percent while the United Kingdom showed a decrease of 4.9 percent (IBM Annual Year Report 2008, 2009, p. 30).

6.3 Spanish market

The Spanish market shows an interesting growth rate which could be of interest to the Madrid International Services Centre. In reaction to the current developments, it is interesting to take a further look at the growth of the Spanish IT market. In line with the growth of IBM in Spain, the total IT market has been showing stable development over the past few years. The telecommunication market has been completely liberalized in 1998. This lead to an increase of competition and an increase of quality in the delivered products. The size of the market is more than €101 billion which forms 9.6% of Spain's GDP. Telecommunication services form 49, 6% of the market, information technologies 16, 8%, electronic computers and equipment 10, 6% and other services 23, 1%. The Spanish IT market is mature, experienced and its labour costs are lower in comparison with other countries (Garcia, 2008, p. 12).

7. Competition

7.1 IBM vs. forward thinking

IBM has always been forward thinking. After the dot com crash in 2002, IBM has redesigned their business activities and strengthened its strategical position with more than 100 acquisitions in all industries they are operating in. The most remarkable acquisition took place in 2003 when PriceWaterhouseCoopers (PWC) was incorporated. This vertical shift in business made IBM a strong global player in not only software but also services (IBM, Annual Year Report 2008, 2009, p. 10).

IBM should use the advantage of having an own services centre dealing with all administrative matters, contracts and invoicing. When for example Banco Santander decides to order a server from IBM, they will be automatically forwarded to the Madrid International Services Centre for sales support, contract matters and invoicing and cash collection. The Madrid International Services Centre completes the circle of customer fulfilment. It creates an advantageous position. As you might discover below, its competitors are not in possession of these centres.

7.2 Global competition revised

IBM is operating in the large IT business sector. Only a few global players in this market are able to compete with IBM. Small sized companies do not form a danger for IBM. Below you will find a brief description of IBM's main competitors: Intel, Microsoft and HP. The descriptions are meant to give a general overview of the corporations and in what sense they are similar or different from IBM.

7.2.1 Intel

Intel is a similar corporation when it comes to business values. Intel can be typified as an ultramodern company always looking forward. Innovation forms Intel's key to development, excitement, fulfilment and the delivery of solutions (About Intel, 2009, p. 1). Like IBM, Intel delivers a similar range of products for home and business use. Products vary from processors and servers to software and consumer electronics (Intel Products, 2009, p.1).

Where IBM managed to increase its revenue over 2008, Intel showed a decrease. Their revenue over 2008 was \$37.6 billion, a decrease of 2 percent in comparison with the year before. The fourth quarter revenue showed revenue of \$ 8.2 billion which implies a decrease of 19 percent (Intel Financial News, 2009, p. 1).

Customer service consists of digital support for both home and business users. Their website contains a support area where it is possible to find an answer to questions and problems. The support service is integrated in the company and serves all types of customers. As far as visible, there is no separated subsidiary taking care of customer fulfilment (Intel Support, 2009, p.1).

7.2.2 Microsoft

Microsoft values being honest, open and respectful enormously. They share their passion for technology and want to reach the best results for both people and business. This is Microsoft's mission (About Microsoft, 2009, p. 1).

Microsoft showed stable progress in 2008 with a revenue of \$ 60, 420 billion. The total revenue was \$ 51,122 billion (Microsoft Financial Highlights, 2009, p. 1).

The products delivered by Microsoft are similar to those of Intel and IBM. As known, they serve home users and business clients. Their website contains a customer fulfilment service area.

7.2.3 Hewlett Packard

Hewlett Packard is an ultramodern company where customers are put in the first place. Being loyal to customers is the main corporate objective. According to HP, customers have to be respected and provided with the best quality (HP Corporate Objectives and shared values, 2009, p.1).

Hewlett Packard offers products varying from technology solutions and services to software and servers. Products can be delivered for personal use, small and medium enterprises, large enterprises or governmental use. Hewlett Packard managed to beat IBM for the first time in 2006 with a revenue of \$ 104, 3 billion (Wikinvest, 2008, p.1).

At the moment they are both leading the market when it comes to selling servers. This development is interesting to follow for the upcoming years (UK Fast, 2008, p.1). Like Intel and Microsoft, Hewlett Packard saw its revenue grow in comparison with last year. The 2008 net revenue for HP is \$ 118,364 billion while it was \$ 104, 286 over 2007 (HP Annual Report 2008, 2009, p. 87).

8. SWOT Analysis

Before implementing the most accurate marketing strategy for IBM ISC Madrid, it is a necessity to determine the Centre's Strengths, Weaknesses, Opportunities and Threats (SWOT).

A SWOT analysis takes a deep look at the business environment, both its internal (SW) and external (OT) key issues. The SWOT analysis is used to analyze the strategic capabilities of the Madrid International Services Centre. Is the Centre able to tackle their Weaknesses and Threats and take advantage of their Strengths and Opportunities (Johnson, Exploring Corporate Strategy, p.102) ?

The global SWOT of IBM will not be explained because the Madrid International Services Centre is a 100% subsidiary of IBM created in 2003 and has its own focal points. In legal terms, they are different entities but the Centre is led by the global IBM Corporation and has to implement all of their policies and laws.

8.1 Strengths

Generally seen, the Centre possesses a few main strengths. The first one is the high rate of effectiveness. Performance is high and the rate of business operations is one of the main qualities on which the centre is relying. The second strength is the age of the employees working in the Centre. Employees are young; the majority of them are aged between 20 and 40 years old. They contribute a lot of ideas and solutions to existing problems. Within the International Services Centre one discovers a high diversity of cultures and languages which creates a highly multinational environment. The variety of languages and cultures makes it easier to do business with foreign business partners, customers and institutes. Of course, it should be mentioned that the multinational environment represents the IBM value 'diversity' perfectly.

The next strength is the location of the Centre in Madrid. The centre is situated in the middle of the lively business heart of Madrid and very well connected to its advanced infrastructure. The Centre is easily accessible by public transportation and by car.

Another strength of the Centre is its flexibility, another value implemented by IBM. Flexibility expresses itself in managing your work timetable, policies on maternity-paternity leave, leave of absence and sickness (IBM Intranet: understanding our values, 2009, p. 1)

The final strength of the Centre is its possibility to rely on the strong corporate image of IBM, even though the Centre is a 100% subsidiary. IBM is the worldwide leader of the information

technology sector and present in more than 160 countries. The corporation is built on the values dedication, innovation, trust and personal responsibility in all different types of relationships (IBM Intranet: understanding our values, 2009, p. 1)

8.2 Weaknesses

After having examined the Strengths, it is time to take a look at the Weaknesses.

Referring to the worldwide strong brand image of IBM, the related weakness of the centre is its vague image towards external relations. The questionnaire shows that it is not clear enough what the Centre stands for and what kind of business they conduct. The common feeling within the Centre is that they are a lower delegate of IBM Spain. An unstructured Intranet and Career Path obviously does not contribute to the corporate image in a positive way. Enthusiasm is not encouraged enough among employees within the company. Concerning internal communication, a few weaknesses should be clarified. As the employees of the Centre are working from two different locations (Cronos and Trianon), internal communication is not optimal. Communication between employees not working at the same location goes through Same Time, a tool comparable to MSN Messenger. It goes without saying that face to face communication is more effective than online meetings. Internal communication between employees, management and employees or vice versa is obviously a weakness. Another weakness resulting from being centred in two different offices is the lack of coordinated events. Events are often organized separately at the two different locations.

8.3 Opportunities

Below you will find the Opportunities listed.

The most favourable opportunity lies in improving efficiency and creating awareness amongst business executives worldwide and the so called business relations reached by employees. If the Centre is able to address them in the right way, brand identity will go sky high and competitiveness with the other centres in the world will grow, especially the one in Bratislava. Even though it is not officially allowed, it is advantageous for the Centre's growth.

Another opportunity lies in the key location of Madrid on a European level and the various business opportunities it creates. According to a message published on Expatica, a webpage created for international expats, Madrid is the seventh best city to do business in on a European scale. The ranking has been created after an investigation by the European Union. Madrid has been ranked above Berlin, Munich and Zürich (SO Expatica, 2008, p. 1).

Madrid has also improved the quality of its public transport, strength of its work forces and stable political conditions. On a European level, Madrid is seen as one of the most attractive booming business cities listed after the Russian capital of Moscow (Madrid and Barcelona in the top ten of European city business locations according to Cushman & Wakefield (n.d), 2008, p. 1).

Another opportunity is competitiveness. To be more effective, issues have to be addressed promptly. A hands on approach is one of the opportunities the Centre could adopt to improve the general quality of work and work attitude. A hands on approach also transfers a positive image to business partners and customers which, again, are positive for branding and image correction. One of the internal weaknesses could be turned into an opportunity. The eventual building change to the north of the city next year would be the best opportunity for IBM ISC Madrid to enhance its brand image and to transfer the image of being a solid and coordinated centre.

The next two opportunities are related to the possible relocation of the Centre as well. The possible new location of the centre in Las Tablas offers a wide range of business opportunities. Las Tablas is situated in the north of Madrid close to Plaza de Castilla, the most important business district of the country. Central offices of national and international corporations such as Telefónica, Royal Philips and BMW are situated in this area. Changing business from two different buildings to one creates enough opportunities to improve communication and efficiency of doing business.

8.4 Threats

To complete the cycle, the existing threats have been identified.

The current global economic crisis is affecting business life in countries in a wide sense. Spain faced a high economic growth for a long time but is facing difficult economic times now. The official recession is expected to start from 2009 onwards. The recession is consequently affecting national consumption, production rates in industry, the housing market which has collapsed and the unemployment rates have been increasing. For example, production rates in industry declined with 11% in October 2008. According to recent information provided by the Spanish government, in 2009 Spain's national GDP growth rate will be approximately 1.7%. Unlike a lot of other large corporations, IBM is not yet affected by the economical crisis. The main reason might be that IBM is not operating in only one sector such as car manufacturers. IBM is not only active in production of hardware and software but in business services as well since the takeover of PriceWaterhouseCoopers in 2003 (IBM Annual Year Report 2008, 2009, p. 10-13).

Even though IBM has not faced negative economical consequences, it is possible that this will change in the short term. It is likely that Spanish companies and international companies in Spain

will try to cut costs. Compared to competitors, IBM's business services are very expensive. The reason why customers still choose for IBM is the excellent quality of the product or service and the reliability of the corporation. However, customers could consider changing to cheaper competitors to cut down costs (The Economist, Intelligence Unit Views Wire, 2008, p. 1).

External danger is also coming from the other International Services Centre in Bratislava, Slovakia. They serve the same EMEA region as the Madrid centre. In my opinion, what makes them visible for the external environment my opinion is the quality of both their Intranet, large flow of publications and their Careerpath.

Table 1 SWOT analysis

Strenghts	Weaknesses
<ul style="list-style-type: none"> - Diversity - Young and innovative environment - Flexibility - Reliance on IBM's strong brand image 	<ul style="list-style-type: none"> - Internal communication - Vague brand image - Unprofessional Intranet - Unprofessional Career Path - Two different locations - Lack of coordinated events
Opportunities	Threats
<ul style="list-style-type: none"> - Improving efficiency - Addressing global IBM executives - Location Madrid - Building change 	<ul style="list-style-type: none"> - Global economic crisis - Unofficial competition from ISC Bratislava

9. PESTEL Analysis

The PESTEL analysis serves as a guideline to see which external factors could influence the strategy and development of the Madrid International Services Centre. Analysing Spain and its conditions could show eventual barriers blocking the attraction of more business activity to Spain. For the Madrid International Services Centre and IBM Spain, this is important.

9.1 Political

Spain is a parliamentary monarchy leaded by the chief of state King Juan Carlos I. Their Prime Minister is the socialist José Luis Zapatero who is in this position since April 17, 2004. Since the end of the civil war (1936-1949), Spain went through a quick transition from a dictatorial state into a modern democracy. Part of this process was becoming member of institutions such as NATO, the World Trade Organization and the European Union in 1986. Even though political stability is high, the country is still facing several issues. One of them, the issue of the Basque terrorist organization ETA is still not solved. The Basque country is still striving to be an independent nation but so far, the Spanish government is not giving them independence. Another dispute ongoing for many years already is illegal immigration from North Africa to the Canary Islands. Furthermore, Spain's control over the enclaves of Ceuta and Melilla in Morocco is highly discussed by Morocco. They claim that those enclaves belong to Moroccan territory (Central Intelligence Agency, 2009, p. 5-7).

9.2 Economical

As stated above, Spain went through a period of high economic growth after the Civil War. The country adopted a mixed capitalist economy like most European countries. Becoming a member of several international agreements and institutions highly contributed to Spain's economical development. Before the entrance of the recession in 2008, Spain made a lot of progress from an economic point of view. From 1994 on, its GDP touched the level of the larger Western European economies. At the end of 2008, Spain's GDP touched \$ 1.378 trillion. The GDP per capita touched \$ 36,500. Since last year, Spain's economical situation has changed dramatically. The global economical crisis is affecting Spain as well. Last year the economic growth was estimated on 1, 8% which was far below the growth rates of the ten years before. Spain's unemployment rate rose from 8% in 2007 to 13, 9% by the end of 2008. Unemployed people are looking for stability and are trying to be incorporated in global companies more than before. The inflation rate is currently 1.4% and import is dominating over export. The current account balance is - \$ 152.5 billion. In 2008, Spain's import was estimated at \$ 444.9 billion and export at \$ 292.8 billion. Unlike several other European countries, Spain did not face the risk of a collapsing banking system. The Spanish banking system is stable and the European Central Bank serves as a conservative watchdog

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(Central Intelligence Agency, 2009, p. 8-11).

Even though Spain is facing a severe economical crisis, it is likely that IBM's business will not be highly affected by the crisis because of their activities in different business segments. IBM has divided its business amongst Services, Software and Systems & Financing to prepare them to be the first globally integrated corporation (IBM Annual Year Report 2008, 2009, p. 11).

9.3 Sociocultural

Spain has 40,491,052 million inhabitants of which 14.4% is between 0-14 years old. Consequently, 67.6% is between 15-64 years old. Elderly people from 65 years and over represent 17.9% of the total population. The population growth is not high with a growth of only 0.096%. Spain is characterised by a Mediterranean culture and lifestyle. Roman Catholicism is the main religion with 94% of the total population believing. Other religions such as the Islam and Judaism represent 6%. The official language in Spain is Spanish, spoken by 74% of the population. However, more official languages are being adopted by the Spanish government. In the communities of Catalonia, Valencia, Galicia and Basque country, people speak Catalan (17%), Galician (7%) and the Basque (2%) (Central Intelligence Agency, 2009, p. 4).

Attitudes to work and leisure are affected by culture. However, IBM has its roots in the United States of America and business culture is highly influenced by corporate values. For example, hierarchy does exist but managers and directors are easier to approach than in Spanish companies. Decisions in meetings are made by consensus while in Spanish companies the one with the highest authority tends to decide (Burchell, 2007, p.1).

In the Madrid International Services Centre, cultural diversity is high. People come from a wide range of countries and this results in different attitudes in work and leisure activities. However, a few Spanish attitudes are adopted. In general, employees start between 9 and 11 A.M. and finish between 6 and 9 P.M. This is similar to Spanish working hours (Burchell, 2007, p.1).

9.4 Technological

As noted in the market description, Spain has been showing stable development within the ICT market the past few years. Their telecommunication market was completely liberalized in 1998 which led to an increase of both competition and quality of the delivered product and as an advantage relatively low labour costs (Garcia, 2008, p. 12).

9.5 Environmental

Current environmental issues in Spain include air pollution in cities, deforestation and the Mediterranean Sea being polluted. Spain has adopted several international environmental laws such as the Kyoto Treaty. Oil consumption is high but national production is low. Spain consumes 1.611 million of barrels a day and produces 29,000 barrels a day (Central Intelligence Agency, 2009, p. 10).

9.6 Legal

A corporation like IBM has to respect a lot of laws and regulations in every country they are operating. In legal terms, all is arranged. (IBM Business conduct guidelines, 2009, p. 1).

The ICT market is highly liberalised and has adopted a free market structure. The entrance of competition is not limited from a legal point of view (Garcia, 2008, p. 3).

10. Analysis questionnaire

Field research is a good method to obtain accurate information about an existing problem. That is why I administered a questionnaire amongst 70 employees working at location Cronos of the IBM ISC in Madrid. I was not allowed to send out a mail to all employees in this building. For that reason, the questionnaire has been administered to employees who I previously met. The final response was 50 out of 73. The purpose was to find out the opinion of employees on the companies' brand identity. The questionnaire is based on the accompanying research question and should help to identify the existing problem and result in the formulation of the best strategy to increase the Madrid International Services Centres brand identity.

From page 19 onwards you will find the most important results of the questionnaire. The graphs show the high diversity of nationalities and young age of the employees. 28% of all respondents are 25 years or younger and 32% is between 26 and 32 years old. Only 12% has an age ranked between 42 and 49.

Next, we see that 42% of the respondents has external business relations. 6% of the respondents believe that the business activities conducted by the Center are almost clear to their business relations. 16% of the respondents believe that the Center's business activities are vaguely understood and another 18% believes that the basic ideas about the Center's business are clear for the external business relations.

The opinion of employees about the identity of the Madrid International Services Centre is very diverse. Question 10 is an open question because open questions usually result in a variety of information. The different answers have been grouped together in categories to clarify the results. 21% of the respondents believe that diversity reflects the Centre's brand identity the most. Excellence follows with 17%. The international atmosphere within the company is highly valued as well by the employees because 13% of the respondents relate it to the image of the Madrid International Services Centre. As you might see, the other opinions vary. 2% of the respondents believe the business environment is challenging and another 8% sees the company as a place for international business.

Of all respondents, 29% would check Intranet more often if more articles were published. 37% of the respondents share the opinion that they might check Intranet if the amount of articles would be increased. Next, 18% of the respondents do not know whether they will check Intranet more often or not. The numbers show enough opportunities. If attractive articles are published it could

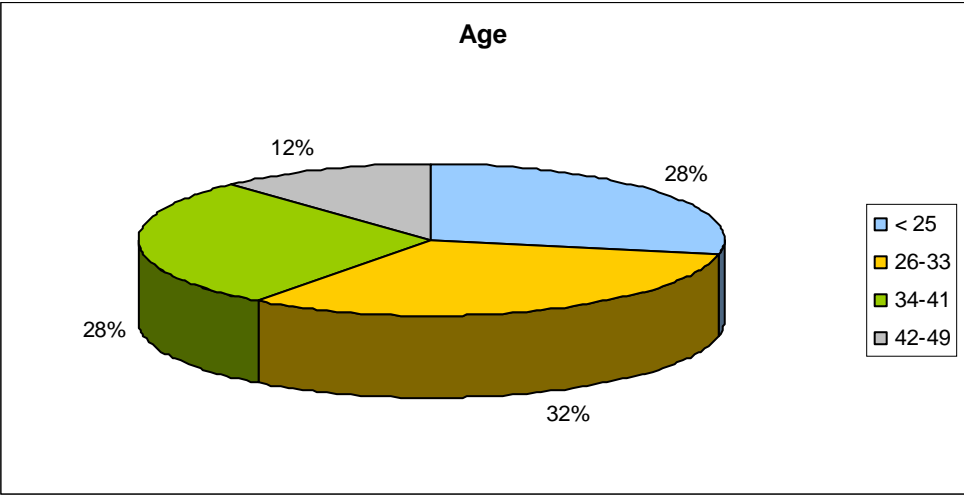
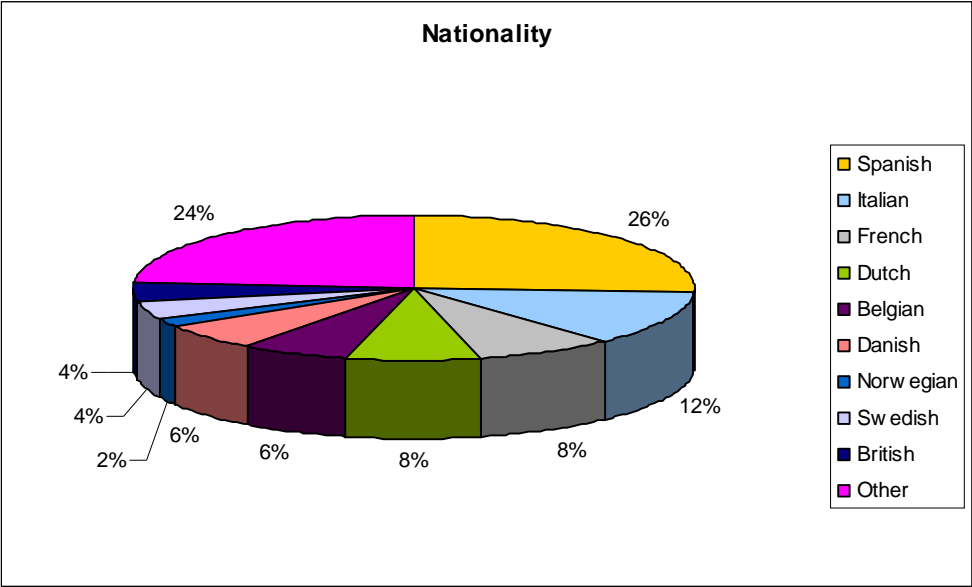
certainly convince the ones who doubt. Articles could be about the Centre's goals, mission, diversity and business results but also about team activities and remarkable actualities. The majority of all respondents (56%) believe that diversity is the most important value reflecting the Centre's business.

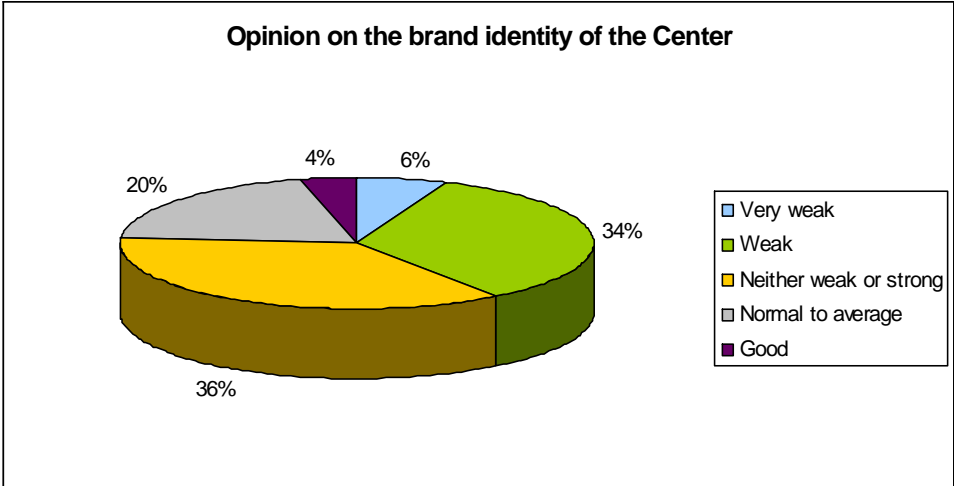
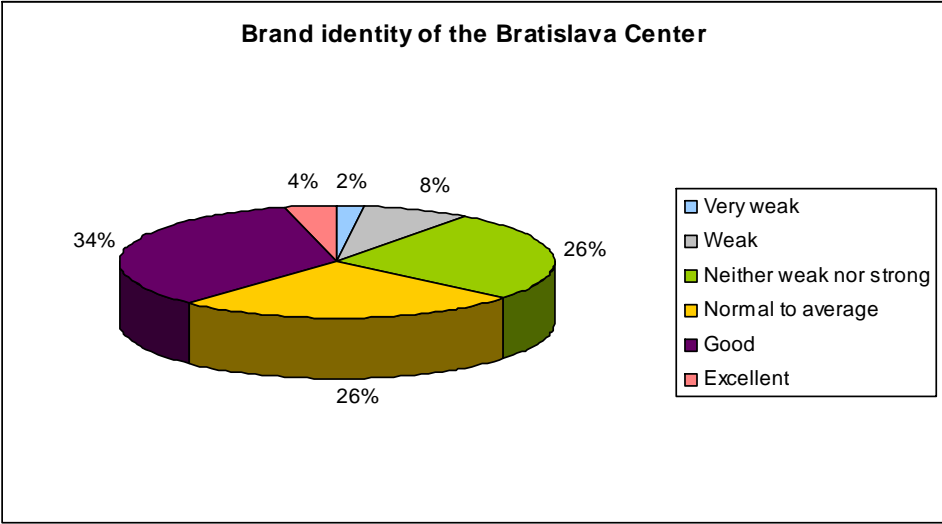
Question 18 shows that it would definitely make sense for the management to organize more informative meetings for the employees working in both buildings. Again, 56% of the respondents share the feeling that the senior management should organize more informative meetings.

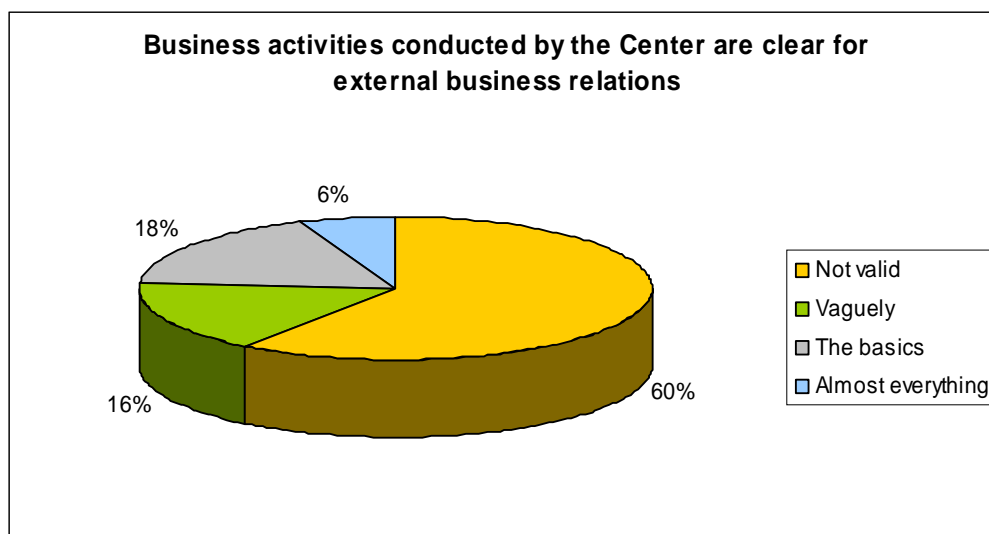
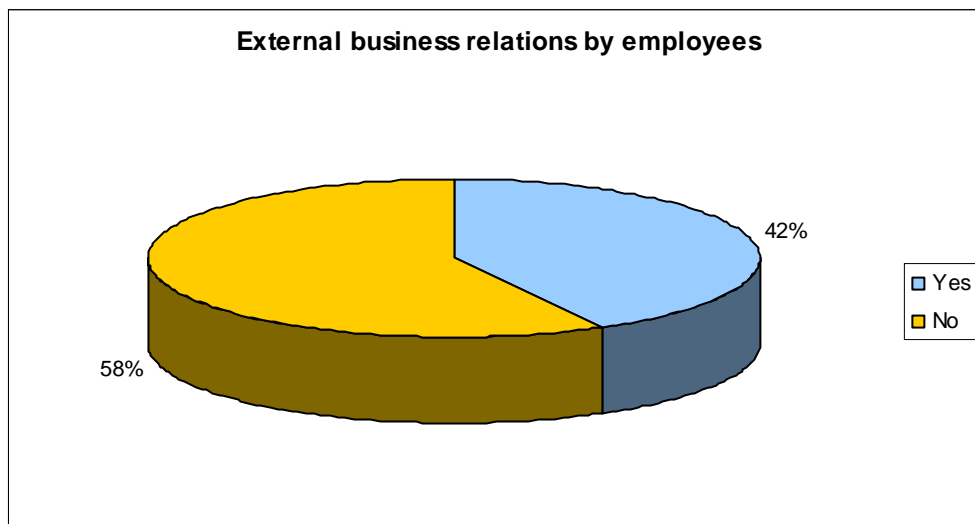
The final question, number 19, reflects the suggestions contributed by the respondents. A few of them do make sense such as building team spirit, clarifying what we are doing and improving education for both newcomers and longer term employees.

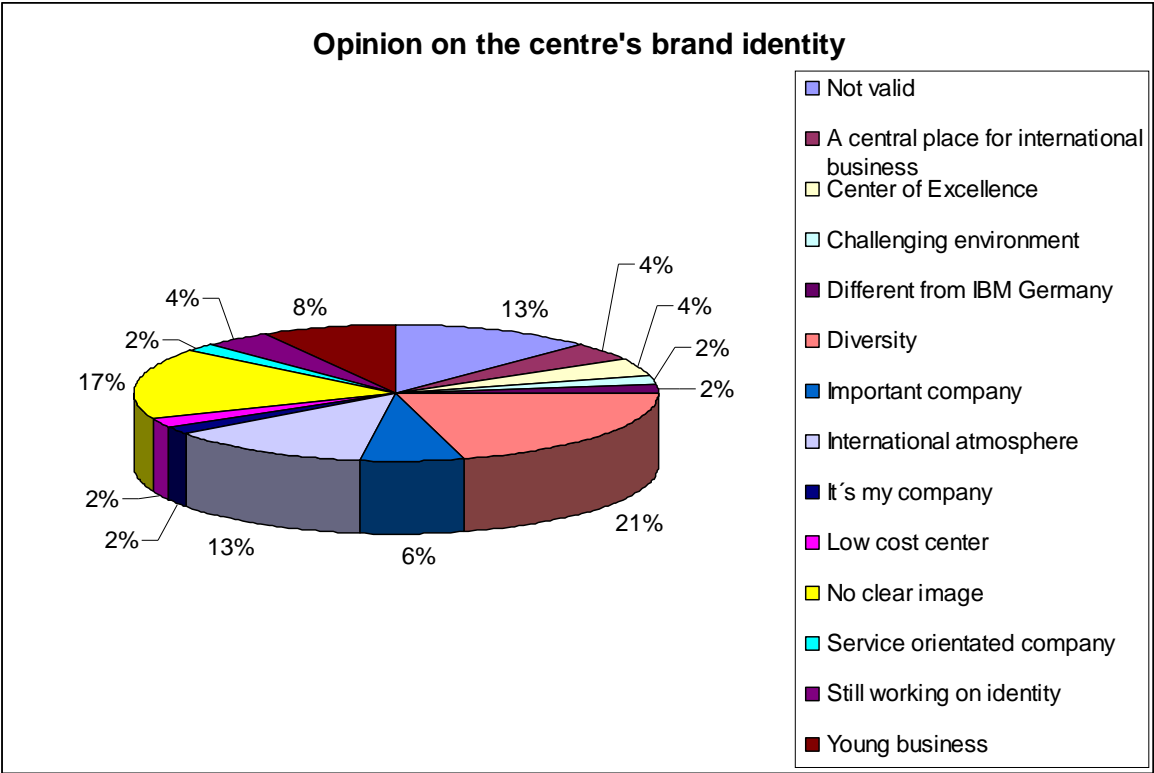
To conclude, the main measurements that should be incorporated are: the organization of more informative meetings by the senior management, publishing more articles focussing on diversity, excellence and the international image of the Centre. It is recommended to increase the amount of places available for internal training and development as well. The goal of these measurements is increasing the knowledge and enthusiasm of the employees about the Madrid International Services Centre.

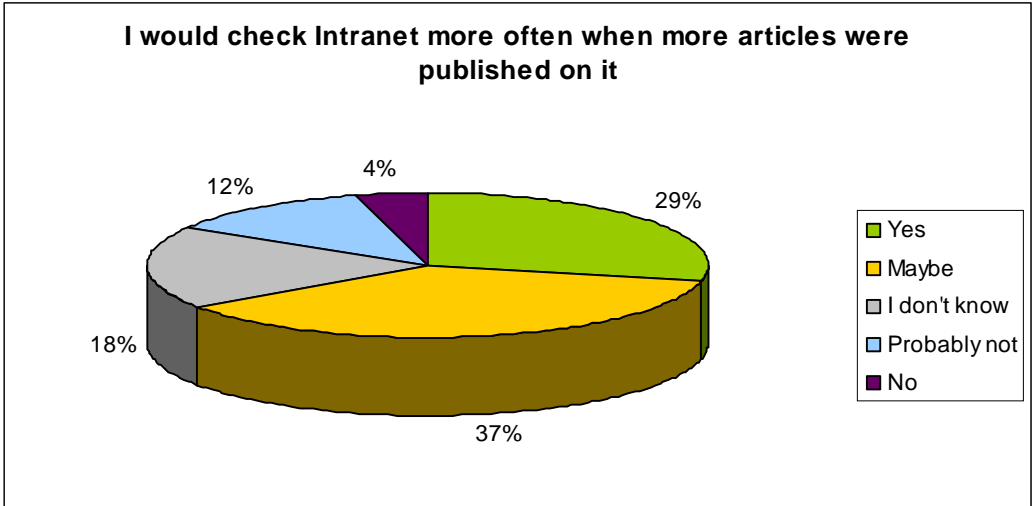
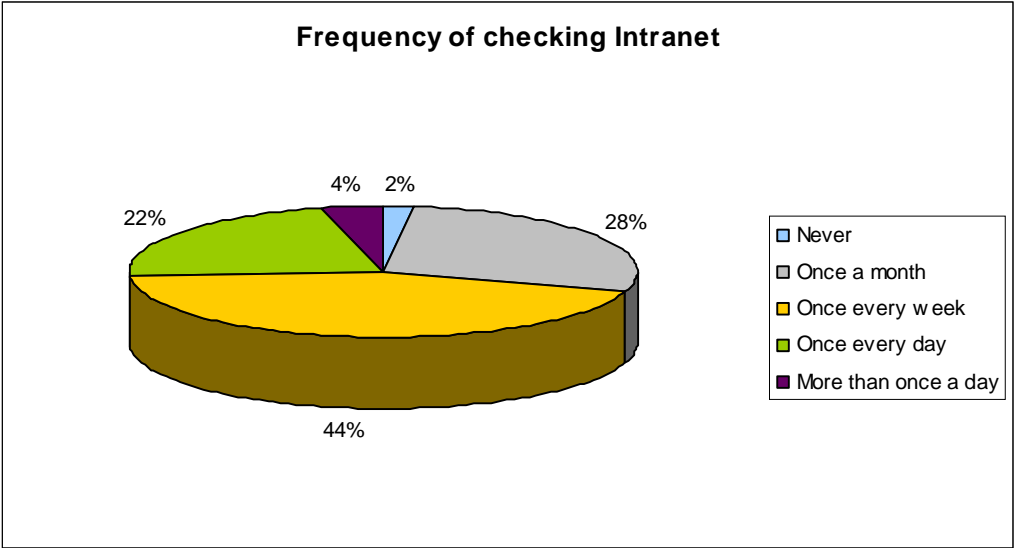
Please see appendix 2 for more information

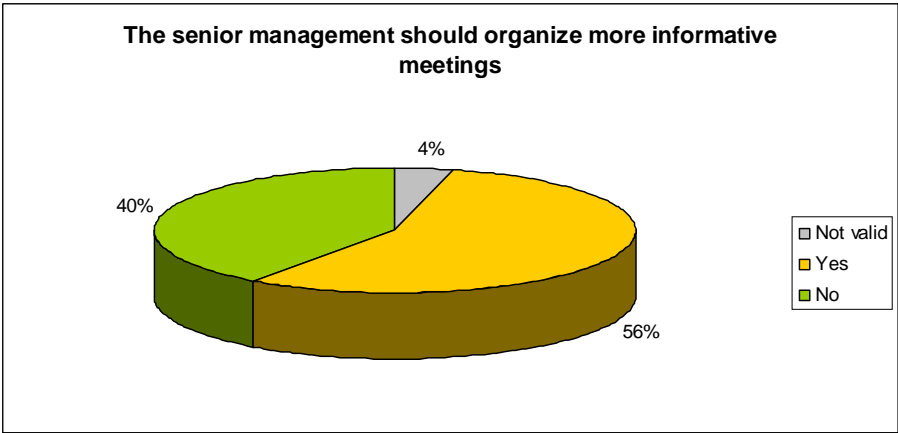
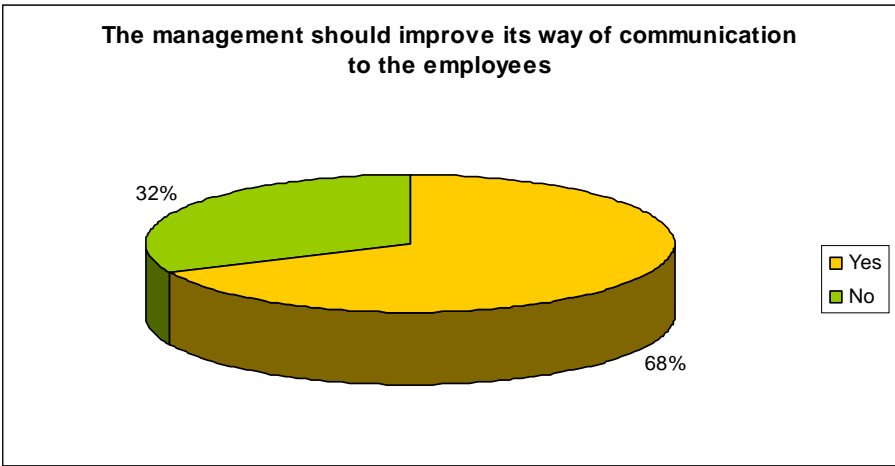
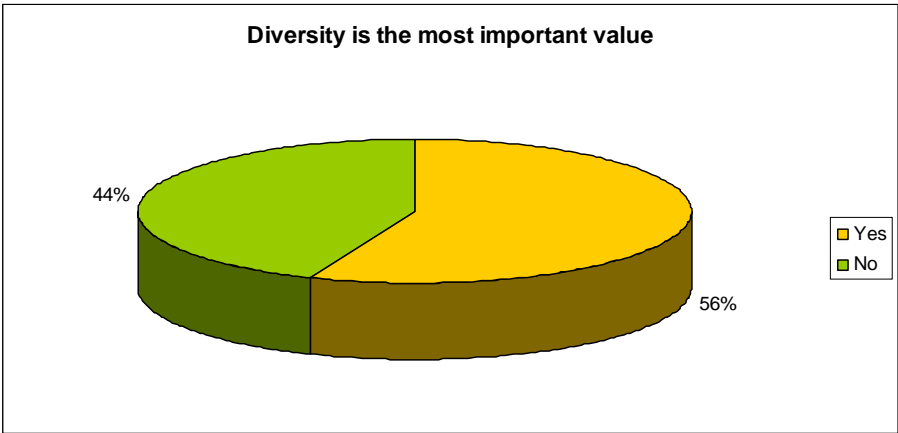


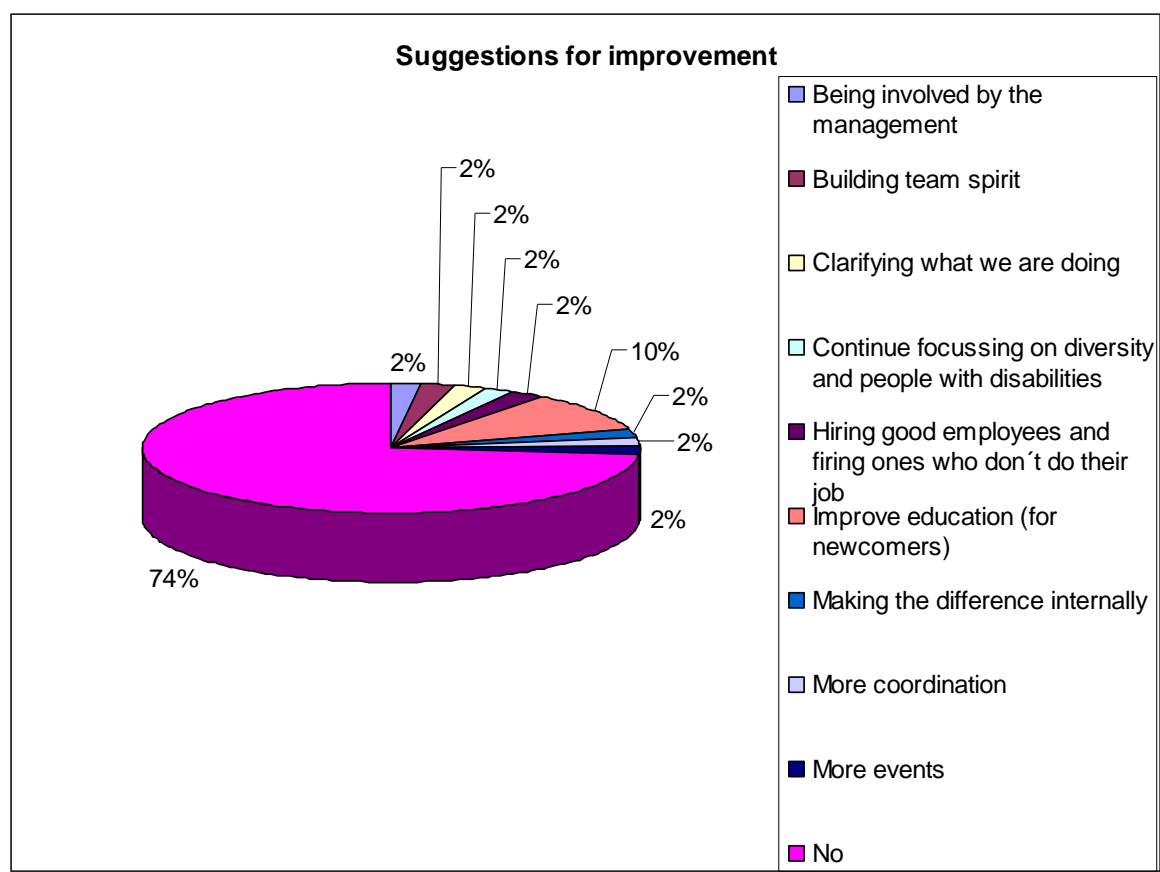












11. The marketing mix

To visualize the market, the needs and wants of clients have to be specified. The Madrid International Services Centre could use the marketing mix as an instrument to develop and implement marketing actions to deliver value to customers. The marketing mix is the ideal way to achieve this and consists of the 4 P's: Price, Place, Promotion and Product. The combination of these four elements should lead to the perfect marketing mix. Additionally, People, Process and Physical evidence will be used to give a more complete view of the future strategy. Especially because the focus is on Customer Fulfilment, a full description of Physical evidence is useful. (Brassington, 2006, p. 29-32).

The first P is Price. Pricing is an important component of the marketing mix because it is a state of value. In this case the amount of money given in exchange for an IBM product or service. IBM has set relatively high prices for its Customer Fulfilment services at the moment. To attract more clients and compete with the other market players, penetration pricing is recommended. (Hollendsen, 2007, p.481).

If penetration pricing is adapted, customers will probably not leave the centre anymore when Customer Fulfilment is not perfect. The customers who leave for a competitor who offers the same service but cheaper because of the integration in the company. IBM offers the most expensive service in the field. However, the chance that the IBM Corporation will adopt such a strategy for the Centre is low because prices are fixed. The Centre has to make sure that the delivered Customer Fulfilment is perfect.

The second P is Place. Both the Madrid International Services Centre and IBM Spain operate from various locations in Madrid. Clients are spread over all countries within the EMEA market. Serving a market of that size is not easy. Countries in the Middle-East and Africa are in different time zones and have significantly different cultures. To serve the market in a better way, the centre should adapt more to the working hours of the served region. The majority of the employees works from 9 A.M until 6 or 7 P.M. Establishing evening shifts would be a good solution to serve the market better and maintain good customer relations (Brassington, 2006, p. 30).

The third P is Promotion and should help to take advantage of the existing business opportunities for the Madrid International Services Centre. The Centre could reach customers by improving its brand identity. IBM does not invest a lot of money in promotion because they have relied upon a

strong corporate image for a long time. The Centre's employees should promote and make sure that their knowledge about the company and corporation is high. The Centres Intranet should be improved to increase people's dedication and enthusiasm for the Madrid International Services Centre. When no budget is allocated by the senior management, dedication of employees is the best indirect marketing you can think of. Customers will advise other companies to go to IBM instead of competitors such as HP (Brassington, 2006, p. 30).

The fourth P is Product. IBM both delivers tangible and non-tangible products varying from processors to services by PriceWaterhouseCoopers. The quality of their products is considered as excellent but the delivered product or service by IBM will increase in quality when the Customer Fulfilment delivered by the Madrid International Services Centre is perfect. After-sales services namely distinguish the product from the competition (Brassington, 2006, p. 30).

The fifth P is People. For IBM and the Centre this is one of the most important factors. As mentioned before in the company description, the employees within the Madrid International Services Centre form the raw material because of their talent and skills. Logically, they can make the difference between delivering good or excellent Customer Fulfilment. If the Centre makes sure they are well trained and informed this can be of a great advantage to deliver high quality Customer Fulfilment (Brassington, 2006, p. 30).

The sixth P is Process. Services are not produced but 'manufactured'. The Madrid International Services Centre employees and process are highly interrelated. Managers of the Centre are responsible for running processes. At the same time the management cooperates with IBM. The Centre needs to communicate better with IBM and vice versa to make Customer Fulfilment of a higher quality. More meetings should be set up between the management to inform about situations or novelties. The perfect solution is to unify both locations in one new building preferably close to the IBM Spain building. The cycle of End to End Customer Fulfilment would definitely be more complete (Brassington, 2006, p. 32).

The seventh P is Physical Evidence, the final area of the marketing mix, which is the material part of a company/service. It is the part which the customer can judge a company on. There are no real physical attributes to a service, which leads to the customers relying on material elements mostly. In case of the Madrid International Services Centre, customers will judge the employees on every aspect: their behaviour, client focus etc. If customers are treated well, they are likely to stay instead of choosing one of the competitors (Brassington, 2006, p. 32).

12. Conclusions

Below you find the brief answers to the research questions and central question: by means of which improvements can the IBM International Services Centre S.A. Madrid turn its weak brand identity into a strong brand identity and take full advantage of the numerous existing business opportunities?

The target group consists of current and future business partners and customers within the EMEA market. Targeting this segment should increase brand identity. Afterwards profitability of the Centre should be increased as a result of a renewed brand identity. The senior management, employees and IBM executives within the EMEA region are targeted in an indirect way by internal instruments helping to improve the brand identity from the inside. The EMEA market showed a growth of 6.7 percent in comparison with 2007. Spain even showed an annual growth of 12.0 percent which is interesting because the Spanish economy is suffering from the severe economic crisis as well. The EMEA market shows that the growth and development aimed by the Madrid International Services Centre is a realistic goal.

The main competitors of IBM are Intel, Microsoft and Hewlett Packard. All of them are similar corporations valuing development, respect and customer focus. Hewlett Packard and IBM are both leading the market when it comes to the server market. IBM offers the most expensive service and Customer Fulfilment should be significantly improved to prevent customers from switching to competitors in the same business area.

The SWOT analysis shows a few remarkable results. The main strengths are: diversity, a young and innovative environment, flexibility and reliance on IBM's strong brand image. At the same time, employees share the feeling of being a lower delegate of IBM. Other weaknesses being identified are: ineffective internal communication, a vague brand image, unprofessional looking Intranet and Career Path, conducting business from two different locations and the lack of coordinated events between the two locations. The identified opportunities are improving efficiency, addressing global IBM executives, Madrid as a location for business, growth of the EMEA market and the possible building change. Current threats are the global economic crisis and unofficial competition coming from the Bratislava Centre of Excellence.

The PESTEL analysis has been made to discover eventual side effects making it harder for the

Madrid International Services Centre to take fully advantage of the existing business opportunities. Spain is a stable country currently facing a severe economical crisis. The chance that IBM will be affected by the crisis is low because of the integration in different business segments. From a technological point of view, Spain has been showing stable development. The IT market has a size of more than € 101 billion which forms 9.6 percent of Spain's GDP. Labour costs are low in comparison with other countries, which is advantageous for the Centre. No unexpected surprises have been identified after the analysis.

The questionnaire showed interesting results confirming the young age and cultural diversity of the employees. According to the respondents, the brand identity of the Bratislava counterpart is a lot better than the one in Madrid. Intranet is checked relatively often but shows opportunities. Namely, the majority of the respondents would visit or consider visiting Intranet more often if more articles were published. If articles are published on a more frequent basis, employees will become better informed about the company. The questionnaire shows that employees highly value diversity, excellence and the international image of the centre. It would be wise to use these values in the promotion of the Madrid International Services Centre. The senior management should use the Intranet platform to publish more articles on business development, results etcetera to keep employees informed and close to the core business of the Madrid International Services Centre. However, the brand identity of the Centre should not only increase by publishing messages. To empower the brand identity the Centre could start using the name Madrid Centre of Excellence. This sounds more powerful than 'Madrid International Services Centre'. Future customers and IBM executives will remember this name probably much better than the current one. According to the majority of the respondents, the senior management should organize more informative meetings and improve their way of communication to the employees. It is also recommended to increase the amount of places available for internal training and development. Coherence and an increase of the common feeling will be realized. The employees' knowledge about the company, its mission, vision, goals and statement will increase. The brand identity of the Centre will increase as soon as employees feel valued and being a part of the core business. A logical result is that Customer Fulfilment will improve when employees show to be driven, enthusiastic and well informed.

The marketing mix has led to several measurements. One of them is adapting working hours of the Centre to the customers. The EMEA market is widespread. Countries in the Middle-East and Africa are working in a different time zone. Evening shifts are a solution to serve the market better and increase the quality of Customer Fulfilment. The next step is promotion of the Centre by the

employees. Dedication and enthusiasm are the best marketing tools to use towards clients. The senior management should invest more in internal training and development of its 'raw material': employees. The quality of Customer Fulfilment will increase and employees will be more dedicated and enthusiastic when they are able to transfer a complete brand image to their customers.

The findings and measurements stated above should turn the weak brand identity of the IBM International Services Centre Madrid into a strong brand identity. Internal measurements form the instruments to take full advantage of the existing business opportunities for the Centre. Customer Fulfilment should reach the level of excellence and the 68% of the customers switching to competitors should be decreased by approximately 30% within the next five years. The existing business opportunities within the profitable EMEA market and also in Spain can create enough confidence for the future.

13. Strategic recommendations

After making an in-depth study, I would like to present my strategic recommendations. As mentioned before, the IBM International Services Centre Madrid first has to incorporate internal measurements to create a strong brand identity. A powerful name such as Madrid Center of Excellence would sound a lot better and relates to one of the most important values: delivering excellence. From that point on, the Madrid International Services Centre will promote itself better and be able to attract more business and reduce the 68% of customers who leave the company nowadays.

The recommendations should reach the target group: current and future business partners and customers within the EMEA market. The senior management, employees and IBM executives within the EMEA region are targeted in an indirect manner as well. The growth of the EMEA and Spanish market shows that the aimed development by the Madrid International Services Centre is a realistic goal. IBM offers the most expensive service and Customer Fulfilment should be significantly improved to prevent customers switching to competitors.

The first recommendation is the creation of a professional Career Path showing all vertical and horizontal career possibilities for employees. Until now, an instrument such as this does not exist. Employees have to know that it is possible to make a career both in a horizontal and vertical way. The implementation of a Career Path should make employees enthusiastic and create the transparency the senior management is aiming for. The idea has been taken from the Bratislava Centre.

The next recommendation is restructuring and professionalizing Intranet. The number of publications has to be increased. The results of the questionnaire showed enough potential to do this. The quarterly newsletters should become monthly newsletters containing more messages and business updates from the senior management. If both the Intranet and Career Path will be restructured, the general message and strategy of the Madrid International Services Centre will be more transparent and lead to a better executive image as well.

The next recommendation is uniting the two different locations, Cronos and Trianon, into one building. This will certainly result in higher coherence and improved communication between managers, employees and the senior management. Furthermore, it will cut down business operations costs and make processes more effective. The recommended location would be a building in Las Tablas, the most important business district of the country close to Plaza de

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Castilla. Central offices of important national and international corporations such as Royal Philips and BMW are situated in this part of Madrid. It goes without saying that the centre could take advantage of the business opportunities offered within this area.

Uniting events organized by for example the IBM Club would create more coherence and team spirit amongst employees. You can think of events such as tennis tournaments, dinners, parties or photography courses.

Maximizing the knowledge of the employees about the centre should improve Customer Fulfilment and decrease the rate of customers leaving the Centre. The senior management should invest more in internal training and development of its employees. The quality of Customer Fulfilment will increase and employees will be more dedicated and enthusiastic when they are able to transfer a complete brand image to their customers. At the same time this should create an internal coherence and higher brand identity for the external business environment. A higher brand identity should also result in attracting more business activities.

Creating more coherence within the company which should result in more customers and maximization of Customer Fulfilment. If employees have better knowledge of what the company stands for, they would gain an overview allowing them to transfer a complete image to the customers and potential customers. The high number of customers leaving due to poor service (68%) should be decreased.

The final recommendation consists of adapting working hours of the Madrid Center of Excellence to the widespread EMEA market. Countries in the Middle-East and Africa are working in a different time zone. Evening shifts are a solution to serve the market better and increase the quality of Customer Fulfilment.

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