

IBM purged 'gray hairs' and 'old heads' as it launched 'Millennial Corps': lawsuit

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Technology giant IBM targeted "grey hairs" and "old heads" for negative performance reviews so it could oust them from the company, as it formed a "Millennial Corps" and focused on hiring "early professionals," a new age-discrimination lawsuit claims.

"In the past six years alone, IBM has discharged over 20,000 U.S. employees who were at least 40 years old in pursuit of a company-wide practice of using forced group terminations, referred to as 'Resource Actions,' to accomplish its goal of removing [older employees](#) from its labor force," said the lawsuit filed Wednesday by four former IBM employees. Three of them worked at the company for more than three decades, and one for more than 10 years, the suit said. All were over 55 when they were sacked in May 2016, according to the suit.

The suit alleged that IBM required employees to submit claims of age discrimination to binding arbitration, but also banned them from collective arbitration over such claims.

IBM said in an emailed statement that the plaintiffs' theories have been rejected by courts including the U.S. Supreme Court. "We are confident that our arbitration clauses are legal and appropriate," the firm said. The company added that a body of Supreme Court cases upholds arbitration agreements.

The purported purge started in 2014, with the firm carrying out a plan to fix its "seniority mix" by imposing an "aggressive performance

management posture," the suit filed in federal court in New York alleged. One in-house presentation showed that this posture meant doubling the proportion of workers receiving negative performance evaluations, so 3,000 employees could be laid off and replaced with "early professionals," the suit claimed.

"In 2015 and 2016, IBM doubled down on its efforts to replace its long-tenured, older employees with the younger Millennials it sought to recruit," the suit alleged. "IBM made presentations to its senior executives calling for IBM to evaluate its long-term employees more harshly, to use those negative evaluations to justify selecting long-term employees for lay-off, and to replace these employees with 'EPs' - IBM management short-hand for 'early professionals.'"

A 2016 presentation concerning one section of the company "specifically called for managers to exempt all 'early professional hires' from layoff, regardless of performance," the suit claimed. "The long-serving, older employees were provided no such exemption."

The former employees suing IBM—Steven Estle, Margaret Ahlders, Lance Salonia and Cheryl Witmer—alleged the company in 2014 began downgrading their annual performance scores, so they started receiving worse evaluations than in previous years. When they were fired in 2016, IBM falsely characterized their departures as retirements, the suit claimed.

Also starting in 2014, IBM began demanding that laid-off workers waive their right to collective action, the suit alleged. Employees were offered severance worth a month's salary, continuing health and life insurance coverage for a period depending on time with the firm, free career counseling and up to \$2,500 for skills training, the suit said.

But workers would not receive any of those benefits if they didn't sign an

agreement not to bring age-discrimination claims collectively, even in arbitration, the suit claimed. By this arrangement, IBM sought to deprive workers of the economies and advantages of pursuing [legal action](#) together, and "instead to burden them with the limitations and costs of bringing individual actions challenging the same discriminatory practices in secret arbitrations separate from each other," the suit alleged.

"With misgivings, but facing the prospect of a difficult job search and economic hardship, each Plaintiff reluctantly signed the waiver," the suit said.

The suit took aim at a 2006 IBM internal report on [employee demographics](#) that purportedly called older workers "gray hairs" and "old heads," and concluded that younger workers were "generally much more innovative and receptive to technology than baby boomers."

In 2014, IBM launched a blog called "The Millennial Experience," the suit said. The firm also created "Millennial Corps," a network of young workers to be consulted by senior leadership about business decisions, according to the suit.

The suit cited a presentation given at a 2014 IBM event, in which slides shown allegedly indicated that Millennials exhibited desirable work qualities such as trusting data and making decisions through collaboration, while workers over 50 had undesirable attributes such as being "more dubious" of analytics, putting "less stock in data" and being less motivated to consult colleagues.

The suit draws heavily from results of a ProPublica investigation published in September that said IBM appeared to be winding down the Millennial Corps, as it was cited in several legal actions as evidence the firm was biased against younger workers.

The plaintiffs are seeking a court invalidating IBM's waiver against [collective action](#), a ruling that the matter go to collective arbitration, and unspecified monetary relief.

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