IBM Branch Offices: What They Were, How They Worked, 1920s–1980s

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IBM branch offices were the company’s local face around the world in the 20th century. Its sales and customer support came out of these organizations, which are described here, using the example of one branch office as a historical case study. Additionally, personal perspectives on their role of having worked with these during the 1970s and 1980s are provided.
the same: same job titles, computer systems, mission, and even furniture and bad art. It took less than five minutes to become oriented—and that mainly to know where the coffeepot was, the bathroom, and, of course, the branch manager’s office. Appreciating the role of branches is crucial in understanding how IBM operated its sales organizations. For many customers, these made up the only institutional face of IBM they ever saw. Other office appliance and data processing vendors used the model of the branch office during the 20th century, such as Burroughs and CDC. Some might have had only half a dozen offices in the United States or western Europe, but these were nonetheless the facility used to place sales and service personnel near customers. IBM’s approach was often copied. This article builds on a previous one describing the role of the salesman in the 1970s that includes additional comments on how branch offices worked.²

**Role of a Branch Office**

Branch offices served as the home office for salesmen, technical support staff, and computer maintenance personnel. Having IBMers (as they were called) physically near customers was essential to their selling and service activities. These offices were responsible for supporting IBM’s customers within a predefined geographic space, such as a city or a portion of a state or province, known in IBM vernacular as the “territory.” Late in the century, IBM organized these by industry. Thus, a branch office in Chicago or Milan might focus entirely on the financial industry (banks, insurance, and brokerages), while another in the same city serviced manufacturing and distribution accounts. They were populated largely by staffs that grew up in the geographic regions served by an office, while their managers came from all over the country. All sales and collection of revenues flowed into IBM though sales branch offices.

When IBM wanted to lobby a government, the local branch manager did it or coordinated interactions between other IBMers and public officials. That manager served as IBM’s ambassador to the community. Charitable activities and funding went through a branch office. When a senior IBM executive traveled to a community, the local branch office provided logistical support, set up visits with customers, found hotel rooms for the visitor, and otherwise took care of his or her needs. When Thomas Watson Sr., the head of IBM from 1914 to his death in 1956, traveled around the world, it was often the local branch office that hosted him. He often would refer to a branch manager as “Our man in . . .”, such as in Kansas City. Branch offices were expected to maintain excellent relations with the elite power structure of a community, including governors, mayors, presidents and chief executive officers of all large enterprises, and editors of local newspapers.

Branch offices served as “selling machines” as they sometimes were called. In the early decades of the century, IBM displayed small office equipment in these to show customers, such as meat scales, typewriters, and, decades later, PCs. Product briefings and seminars on myriad data processing topics filled the branch calendars for nearly a century. In Nashville, for example, I ran a series of classes for customer middle and upper management in 1984 to teach them what PCs were and how to use these. If big enough, some branches had small auditoriums or large classrooms where customers were introduced to new products and attended tutorials. The same rooms were loaned out to nonprofit community organizations needing meeting space. Branch personnel were expected to serve on the boards of local charitable organizations but to maintain a low profile with respect to political activities and opinions.

These facilities served as tiny warehouses in which field engineering, sometimes also called customer engineers, stored parts for products installed in their accounts. By the Mid-1960s, the complexity of computers and software called for staff to consult a growing body of technical literature, so branches began operating small libraries for their use. These served as distribution centers for disseminating marketing literature to customers as well. Some contained hundreds of titles. The S/360 and S/370 manuals each took up more than 40 linear feet of bookshelves. In time, the literature on PCs grew substantially in the era when the “paperless office” was supposed to take over.
Branch offices held copies of correspondence, contracts, and business records concerning every customer in its territory. It was not uncommon by the 1930s to see banks of five-drawer file cabinets lining the walls of the open areas of a branch office full of such documentation. Salesmen kept account records too, such as notes of conversations with customers and copies of proposals by the 1920s. Right to the late 1900s, these were paper-filled facilities.

Perhaps the most distinctive feature of the branch office was the “bullpen,” otherwise the office/desk space for staff. Each had a desk. Usually, a large open area contained rows of desks, each with a telephone. Bullpens were noisy but had the effect of creating a space where salesmen could kick around ideas about how to solve a customer problem or sell a product or to grouse about some issue or another in an impromptu manner. These spaces created a sense of IBM community for decades. The noisiest one I ever saw was in Cranford, New Jersey, where to make sure you heard the phone ring, each had a red light that lit up when it rang in the 1970s. By the end of the 1980s, cubicles had become so fashionable that branch managers who resisted converting their bullpens faced the almost universal wrath of his or her sales staff. Resistance to dismantling the bullpen welled up from memories of how useful these spaces had been in helping salespeople learn from each other over many decades. Managers’ offices ringed the outer walls surrounding bullpens.

**How Branch Offices Evolved**

Early photographs of branch offices show that they began as a combination office for sales staff and as retail outlets (Figures 1 and 2). Often, they had the look of a storefront with large windows in which IBM displayed scales, time recording equipment, and small office machines. Inside, IBMers displayed punch card equipment used to demonstrate capabilities.
of products and to teach customers how to use them. A big sign mounted on the building declared that here was the International Business Machines Corporation, complete with the company’s black logo of the world, used from 1924 to 1948, before moving to the more modest “IBM.” The first branch offices were mostly retail centers operated by the International Time Recording Company (ITR) in North America and in western Europe. Eventually, ITR became part of C-T-R in 1914, renamed IBM in February 1924. By then, products and personnel of other parts of IBM were using ITR’s offices, now called branch offices.

The opening of a new office was the subject of good news, as it meant that IBM had enough business in an area to warrant having a branch there with all that came with it: the permanent expense of an office and staffing. The company’s newspapers celebrated these events and for decades carried articles about their activities. For example, in June 1953, the branch office in Los Angeles hosted a conference for 50 local customer executives at which “machine functions and major applications are [were] discussed,” with a large photograph showing rows of attendees in an IBM classroom with four instructors. At the same time, the Atlanta office held a “school” for accounting management.

The opening of a branch followed a typical pattern. Initially, business partners working for C-T-R/IBM in the early decades, and later IBM sales personnel would begin to prospect in a city and acquire a few accounts. When the volume of activity began to take up the equivalent of several people’s time, a regional sales manager would begin contemplating establishing a permanent local office. In the 1910s and 1920s, these were small, often with just half a dozen employees and a “branch manager.” By the 1930s, branches could have two to four times as many employees. In the 1930s and 1940s, Thomas Watson Sr. sometimes joined regional or district managers on road trips to find good locations for these offices. By the end of the 1960s, there were branches with dozens of

FIGURE 2. Braches were located in large urban centers. This one was in New York City, circa 1920s.
employees. It was not uncommon for branch offices in the 1970s and 1980s to have more than 100 IBMers and for others to exist in the same city, perhaps one for large accounts and another for mid-range smaller customers, and field engineering branches.

Branches were established in cities. The first ones opened in large urban centers, such as London, Paris, Washington, DC, Chicago, Los Angeles, and Tokyo. Over time, they spread to ever-smaller cities as IBM acquired more accounts. When IBM entered a new country, that event included establishing a branch office in the capital city, even if it also meant opening a laboratory or factory. For example, when IBM established a card plant in Zurich in 1932, it also opened a branch office.

As IBM grew, so too did the number and size of branch offices. The number of offices can be traced by looking at old issues of the company’s telephone field directories, which listed these with their addresses and telephone numbers and always the names and contact information for local IBM managers. The field directory for August 1961, for example, listed 188 branch offices in the United States. Worldwide, the total approached 300.

By then, it was not uncommon for branches to have four to six managers, each with a half dozen or more staff. There would be a Data Processing Division (DPD) branch manager and reporting to him one to several sales managers, a CE (customer engineer) manager who had the equipment installation and repair staff reporting to him, an ET (electric typewriter) manager responsible for selling typewriters and a CE manager to repair those, and an administrative manager responsible for maintaining the building, processing orders, issuing bills, paying staff, and handling other miscellaneous duties. Some branch offices also had remote locations called “sub-offices,” typically managed by one manager. In the United States, IBM had 560 field offices. By the end of the 1980s worldwide, IBM maintained more than 800 offices.

As early as the 1930s, branch offices reported to districts around the world. With the creation of the DPD in the late 1950s responsible for selling computers through the 1970s, sales branches reported to “district offices,” which in turn reported up to regions. Sometimes districts were dismantled, replaced by regions reporting to a divisional sales vice president or, by the Mid-1980s, to area executives who in turn reported to a vice president. Using the United States in 1961 as an example, eight districts reported to the Eastern Region, run by a “regional manager”; six regions in the Midwestern Region; and five into the Western Region. The ET Division had 11 district offices responsible for sales and CE personnel.

By the time IBM created the DPD, branches were part of a national network. Important to keep in mind, since the late 1910s President Watson intended for branches to have the same “look and feel” and to be organized and function the same way around the world. By the 1930s, he had achieved those objectives. Procedures, hiring and training, sales methods, account management processes, and role in the community were the same. District and regional managers who enforced the “IBM Way” blocked departures from those practices by a branch manager. Managers often had served in other branches before serving in management roles in their current offices, reinforcing the cultural DNA. Branch management structures collectively evolved too. For example, Glen Olds, who had been in sales for more than two decades, as had Colin Jones, the ET branch manager, led the DP branch office in Kansas City, Missouri, in 1957. That office also had a sales assistant manager, an ET CE manager, an office manager, a DP CE manager, and an assistant branch manager (Kansas City had a big branch). Olds served as the senior IBM manager in this city. The branch even had a baseball team called the “Cards” that played against other company teams in the city. A similar description reflected offices in Chicago, Austin, and Raleigh.

The success of the S/360s and S/370s led to a more than doubling of offices. In the 1970s, as different sales divisions were created, each established its own branch. When serving as a marketing manager in the Nashville DPD branch between 1983 and the end of 1985, we had sales units dedicated to the public sector, banking and insurance, and manufacturing and distribution. I managed the manufacturing and distribution sales unit. Systems
engineering units aligned with each marketing team, and the office had an administrative manager. The total population of the office approached 60. In the same city, another office focused on smaller accounts. When I took over the National Accounts Division (successor to DPD) branch office in Madison, Wisconsin, in 1987, as in Nashville, a field engineering branch existed. The sales branch had 110 employees responsible for $100 million in revenue. The field engineering office had 77 employees. I served as the senior manager in Madison. As IBM reduced the population of its field force over the next several years, both branches shrunk in size. At the same time in Wisconsin, three sales offices operated in Milwaukee (the state’s largest city), another in Green Bay, and a small office in the center of the state in Wausau.

In the early 1990s worldwide, IBM field organizations were reorganized into product groups, backing away from the geographic format of the previous 75 years. Branches began disappearing, replaced with open work spaces that an employee could occupy for a day or a few hours when in town. An expert on database sales might come to Madison from Chicago. Or a salesman dedicated to the state government living in Madison would report to a marketing manager in Chicago. But the strategy of using branch offices endured in developing economies, following the model Watson Sr. had established.

Many customer data center managers and their staffs were familiar with these because they occasionally visited them for a meeting, a seminar, or a “demo” of an IBM product. Since the most senior leadership of IBM came up the organization through sales, regardless of their nationality, every one of them spent several years working in a branch office, honing their sales skills and accumulating much tacit knowledge about how IBM and businesses operated. It is where they learned to do things the “IBM Way.”

The Nashville Branch
IBM salesmen began calling on local state agencies, banks, and insurance companies in the 1920s to promote use of tabulating equipment. IBM grew to the point that in 1933 it rented a little office at 506 Victor Street to house three employees. They sold electric typewriters and data processing equipment in the heart of the Great Depression. After World War II, the branch office began expanding, as did its business with such customers as American General Corporation, multiple state agencies, and Vanderbilt University. The late 1950s and early 1960s were boom years for this office as for the company as a whole. In 1959, the branch employed 19 people and by the end of 1964 had grown to 34 (Figure 3). They were a mixture of sales, systems engineering, and customer engineering personnel. By the end of 1961, the branch was generating revenues of $4.7 million, of which $2.9 million came from rental of tabulating and computer equipment. That year, it sold $376,625 in punch cards. By the end of 1966, the office had 47 employees. Four were managers, 15 IBMers were in sales, 16 were in systems engineering, and, boding well for the future, it had 12 trainees.

During the 1950s and 1960s, the branch developed a collection of accounts that sustained it through the 1980s. These included National Life & Accident Insurance Company, Genesco (shoe manufacturer), Vanderbilt University, State Farm Mutual Insurance, Avco Corporation, First American National Bank, and a variety of state government agencies. All used computers, and as IBM introduced new ones, they migrated from one generation of mainframes to another. By the Mid-1980s, they had become users of IBM’s PCs too. American Standard Corporation acquired nearly 6,000 that it distributed to its retail outlets throughout the United States after loading them with software in Nashville. A local IBM systems engineer wrote the initial order entry and inventory control software for these.

The branch behaved much as others did. Until the 1950s, employees met on Friday afternoons to debrief each other on what went well that week in sales, how to improve, and what needed to be done the following week. IBM corporate periodically promoted sales initiatives that it expected branch managers to support. Nashville conformed. Branch records showed that in 1964, the office still tracked the number of customer and prospect calls made by its
sales staff, as had been done since the 1920s across the company, and reported to New York also how many demonstrations it conducted for customers. The branch reported making between 22 and 35 sales calls per month, 17 to 30 prospect calls, and more than 50 demonstrations per month in 1964. It tracked orders taken and machines installed, amount of supplies sold, discontinuances of machines, and cancellations on a monthly basis for decades. Sales operations across IBM had been a data-driven effort since the 1910s, applying many of the methods Watson Sr. had learned while running sales at NCR.

The rhythm of life essentially remained the same from one decade to another. In December, the branch manager received his annual quotas for the following year (sales, installations, staff size, and operating budget), which he parsed out to his managers and sales staff in the form of “quota letters” in early January. After grousing that they were too high for a few days, the sales “reps” would then document plans for how they would attain them. This office consistently achieved its targets and grew business decade after decade. Every month, each salesman, then their marketing managers, and finally the branch manager would submit to their regional manager a forecast of anticipated business. Regional managers considered these as a virtual promise to deliver on the numbers, so “missing forecast” led to uncomfortable meetings between the branch manager and his regional manager.

**Special Role of Branch Reviews**

In late spring, regional and district management descended on the office for a ritual that, too, began in the 1920s and continued for as long as any branch existed, known as the “Branch Review.” At these one- to two-day events, each manager presented his plans for the year, answered questions, and made his case for additional resources if needed. The branch would spend weeks preparing for these events. Comparing surviving branch review handouts

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**FIGURE 3.** New IBM Branch, Nashville, Tennessee, 1964. By then, they were large offices with no retail space.
from the 1960s through the Mid-1980s showed that the topics remained essentially the same. Regional managers dictated most of the issues to be reviewed and provided detailed forms to be filled out with statistical data, as did district managers to them. District managers rolled up their findings to their sales division. Watson Sr. began the practice, using punch card equipment to track branches and districts while he was still at NCR in the decade before World War I and now implemented at IBM.

An example drawn from the early 1980s illustrates their thoroughness and importance to the branch. These events were the branch’s opportunity to show what a great job it was doing and to celebrate achievements while asking for help on whatever problems it was facing. On March 19–20, 1984, the Nashville National Accounts Division branch held its annual review. Key topics included a review of the business operations (accounts receivable, key metrics, audit status, revenue, and expenses), customer satisfaction based on survey data, and then a review of the business opportunities and circumstances (sales) by marketing unit: manufacturing/distribution, finance/industry, and public sector. The branch reviewed its technical resource strategy, and the branch manager, Buzz Waterhouse, a young up-and-coming manager who went on to a successful career as an executive, summarized key messages regarding the good health of the local business.

The document prepared for this review ran to more than 100 pages, covering attainment against quotas, tables listing in detail business and expense forecasts by business unit, customer, product type, and by when these would be achieved. While some customers would have been familiar to the branch 20 years earlier, such as the State of Tennessee, Vanderbilt, and American General, there were new ones too, such as Nissan, Northern Telecom, and Bridgestone, reflecting the rise in central Tennessee of the automotive industry (Nissan, Saturn, and Bridgestone) and new corporate headquarters (Northern Telecom).

Such presentations were expected to lay out a growth strategy, and Nashville had one: to improve competitive marketing, sell more to the state, increase revenue through the sale of work stations, and expand alternative channels for selling with business partners. The branch would pick more fights with competitors that had equipment installed in its territory to kick them out, establish relations with other departments in government, convince the legislature to make changes to procurement laws, and invest more people in selling in the public sector. The review detailed each of these steps and included projected head count and revenues to be achieved by the end of the year.

I participated in the review as the marketing manager for the manufacturing and distribution accounts. This one mirrored the others I had worked on in three prior branch offices in New Jersey; the two reviews I led as branch manager in Madison, Wisconsin; and the dozens I attended as one of those out-of-town staff managers. The entire branch participated in creating this report. We rehearsed all presentations, set up calls with customers for the visiting executives, and ensured that they had an enjoyable experience. We designed reviews to assure regional or district management that we had a well running operation, a clear focus on protecting our “installed base” of products, were going after competition, and kept our customers pleased with IBM. In each instance, our branch, like all others, implemented plans to hire and train employees and to ensure that they had career development plans in support of growing local business.

Branch Office Culture and Operations

As consistent as these important events were, so too were the staffs until the 1990s, when, by then, IBM had begun a major shift toward services. Citing the case of Nashville, we see their backgrounds. In the 1960s, the local branch manager was Rife Hughey Jr. He took over the branch in 1957 and ran it for a decade. Hughey joined IBM in 1947 as a salesman in Little Rock, Arkansas, and served there until 1955, when he jumped to branch manager in the small office in Knoxville, Tennessee, where he worked for two years. A successor in the early 1980s was Buzz Waterhouse, who also had nearly a decade of sales experience by the time he became branch manager. More normal for the 1970s, he had served as a marketing manager and in two staff positions before taking over the branch office.
That was also my work history before becoming branch manager in Madison in 1987.

The three marketing managers in Nashville in the 1960s had joined IBM in the mid-1950s as salesmen and were successful in meeting their annual targets before moving on to various staff jobs and then returning to a branch: sales planning and instructor, for example. In the early 1980s, three marketing managers had spent time as salesmen in other branch offices and in one prior regional or headquarters staff position for all to gain a broader knowledge of IBM before coming to Nashville. These were typical work profiles from the 1950s through the 1980s in branch offices worldwide.

Three events became part of the operational routine of branch offices. The first were the “unit meetings,” often held weekly by the first-level manager with his or her staff, mentioned earlier but worth further comment. In the 1920s and 1930s, when a branch manager might have been the only manager, he would have hosted these events, and it was always a “he.” (The first female branch managers were appointed in the 1980s and were rare.) People reviewed activities, discussed challenging issues they faced, developed strategies for closing a particular piece of business, and obtained some education about a new product, company sales initiatives, or instructions on the way to sell. Mythology held that in those sessions, employees sang songs about IBM. There is only anecdotal evidence in support of that practice during the 1930s and 1940s. Post–World War II veterans would have none of that, and so, at least in the branch offices, the only singing ever done were Christmas carols at a December branch meeting or at the family Christmas party held at a hotel or restaurant.

By the 1950s, branches had one layer of managers and above them the branch manager. So a second routine developed. The senior manager typically held a management staff meeting almost every week. A written agenda circulated a couple of days before a meeting. These gatherings covered such issues as status of revenue and expenses, personnel training and performance, whom to recognize with an award, and how to deal with local situations, including press relations, facility, and forecasts. Occasionally, a guest speaker from “region” or “division” attended to make a presentation on some new personnel practice or national marketing effort. Extant meeting agendas from the Nashville branch from the 1960s to the 1980s were remarkably similar. My attendance at branch staff meetings in western Europe were essentially the same although conducted in the local language even when I attended.

The monthly branch meeting became the third ritual event. Once branches were constructed out of “units,” usually up to a dozen employees reporting to one manager and with multiple units within a branch, these meetings provided the one regular occasion when everyone in a branch came together. These meetings were considered a “must attend” high priority for all members of a branch. They worked around these events to schedule their normal calls on customers or planned trips out of their sales territories. Hosted by the branch manager and held for one to three hours, these allowed the senior manager to sustain a feeling of branch community and to communicate information relevant to all employees. Usually held in a classroom or large space, even in the bullpen, their style included making formal flip chart presentations up to the late 1970s, then with slides (foils in IBM speak), and finally with slides projected off a laptop by the end of the century (Figure 4).

The branch manager would review business attainments to date, explain what needed to be done going forward, and offered news and other information about what was happening elsewhere in the corporation and region. Individual managers and the branch manager announced promotions and departures of people and recognized outstanding achievements with “Branch Manager Awards” or others, often with a bonus check too. Describing special initiatives run by the branch, region, division, or corporation became standard fare at these events. One or two guest speakers from other parts of the company participated to discuss topics related to the work of a sales branch. IBM visitors in the office that day were recognized. On rare occasions, a customer talked about his or her issues and priorities.

Most branch offices circulated a one-page agenda, mainly for use by management to stay
on schedule, often crafted at one of the weekly
staff meetings. But like yesterday’s newspaper,
few survived. Normally, the branch manager’s
secretary kept a file of these, which they dis-
carded once every year or two to free up stor-
age space. One, quite typical, in my files from
December 20, 1985, in Nashville shows that it
ran for two and a half hours and was billed as
the Christmas branch meeting. The branch
manager reviewed the business status, which
would have been very important by then, as
the entire branch would have wanted to know
if they were collectively going to make their
targets for the year. In this case, he said “yes”
and did it in a ten-minute presentation. A few
awards were handed out, the topic called “Rec-
ognition,” followed by a short presentation on
the use of the company’s telecommunications
network. Howard Taylor, the regional man-
ger (executive) to whom the branch manager
reported, offered a twenty-minute “Regional
Perspective.” Santa Clause interrupted the
meeting with a surprise visit and handed out
gag gifts. The meeting ended, followed by a
covered-dish luncheon. At the branch meet-
ing, IBMers did sing, in this case the American
Christmas carol “Deck the Halls,” made pos-
sible by the thorough staff work of providing
copies of the words to all present.

This meeting illustrated a couple of other
features not found in other types of branch
events. In what could otherwise be a boring
session, branch managers often assigned the
organization of monthly meetings to their
managers, rotating through the roster. The
manager and his or her direct reports would
put it together. On occasion, the branch man-
ger ran a contest to see which unit could orga-
nize the best event as voted on by the entire
staff. In such instances, people spent ridiculous
amounts of time preparing these. I stand guilty
of this crime. For example, in October 1974,
Frank Carey, chairman of IBM, came to the branch office meeting in Cranford, New Jersey, dressed as an Arab to humorously deny rumors that had appeared in the previous couple of weeks in the Wall Street Journal to the effect that the Saudi Arabians were going to buy IBM. I provided the necessary headgear, and since all the other marketing representatives demonstrated a cowardly lack of willingness to call his office to see if he would even dare participate in such a skit, I, the humble sales trainee, the lowest-ranking guy in the entire organization, was forced to make the telephone call. Carey answered the call since it was after 5:00 p.m. and his secretary had left for the day. After recovering from the shock of his doing that, I had no choice but to present the idea to him. He loved it! Skits were frequently put on, or employees read humorous poems, and obviously he had participated in a few when he was a salesman in the late 1940s.

To win a small tabletop TV for every member of my sales unit, in June 1984 in Nashville, I hosted a weeklong history of IBM Nashville, organized a traditional IBM “Family Dinner” for 300 attendees, hired a country-western band, and invited IBM senior vice president of sales for the United States, Bud Cook, to give a talk because he had worked in our branch in the 1950s. My salesmen won their TVs, but it cost the branch office about $10,000 to pull off when the budget for running such meetings was limited to $100. When we told our branch manager in Cranford that Chairman Carey would be attending a branch meeting in 1974, the budget went out the window. The entire building was repainted, new landscaping immediately done, a complex logistical plan developed worthy of an American president’s travel itinerary, and everyone instructed to behave. One would have thought careers were on the line, at least the branch manager’s. You never saw so many blue suits, red regimental ties, and wingtips as on the day of his visit.

The Christmas meeting in Nashville demonstrated that when executives from IBM attended, they were put to work making calls on local customers or held informal roundtable discussions with employees without their bosses present. These sessions were routinely kept confidential to promote candor. In the case of Howard Taylor, a detailed itinerary of his visit was organized fairly precisely: “6:03 P.M. Arrive Nashville, US Air 129 from Pittsburgh. Bill MacKay will drive to Maxwell House.” “7:00 Dinner with Nashville Management, Cock of the Walk Restaurant. Bill MacKay will escort to and from restaurant.” The next day’s itinerary read the same way and included a different manager picking him up for breakfast, participation in the branch meeting, the luncheon, having “personal time” to return phone calls, and then a customer call on Johnston & Murphy Outlet, escorted by the salesman, who also took him by the outlet store, located just off the lobby, to buy shoes at 50 percent off. In the 1980s alone, three current or retired IBM chief executive officers found an urgent need to call on Johnson & Murphy while otherwise in the South.²²

View of the Community

How visible was an IBM branch office to the community in which it served? Branch offices were the public face of IBM. They represented the firm to the power structure of a city and region and had responsibility to ensure that IBM and the local office received favorable publicity by local media, normally the major newspaper. Usually, the branch manager took on this responsibility by maintaining relations with the editor and with the help of IBM’s “media relations” contacts at either a district or a division level. Branch managers were responsible for populating local nonprofit and business organizations with IBMers, such as Rotary and Kiwanis and personally, certainly, the local chamber of commerce. Through those organizations and often in collaboration with customer businesses and public agencies, IBMers participated in community events, such as intramural games and charitable activities. These events describe the American experience.

In other countries, the media role was the same, as was the cultivation of local elites. Since many activities that a nonprofit organization might conduct in the United States were handled by government agencies or local churches in other countries, there was less of a requirement to make such activities a part of IBM’s role. But even then, IBMers might step
in to help with, for example, a natural disaster by obtaining funds and equipment from the national IBM organization to use in a local situation or to address such problems as insufficient PC literacy in the 1980s. These activities mirrored what other companies did as well.

The Nashville branch managed to obtain positive publicity for IBM. Newspaper clippings illustrate the kinds of press coverage sought by the local office, publicity that reflected the kind that other branches obtained in the United States. In other countries, IBM normally worked with the local media through the national company headquarters rather than through local branch offices. In 1960, The Nashville Tennessean, the major newspaper in central Tennessee, carried the headline “Ultra-Modern Approval Granted for IBM Building.” The same year, The Old Hickory Record carried a story about the installation of an IBM RAMAC computer in Nashville. The following year, a local publication carried the kind of article that IBM branches always sought, namely, those that announced the installation of one of its products to help a local company do better. For example, one 1961 piece included quotes by a customer and a photograph of a computer and of that manager in which Nashville learned about how “Electronics Aid Business.” Another declared, “First American Now automated.”

Even better from IBM’s perspective was an article that included a picture of IBM’s new building, a photograph of the local branch manager (R. S. Hughey), and coverage of the governor cutting a ribbon opening the new facility. The paper published photographs of the exterior and interior of the building, while Hughes was quoted on the power of the 1401 computer.

The branch made sure it received positive coverage in internal IBM publications too. The sales division’s newsletter for December 1962 ran a story headlined “Nashville Tops in Fund Raising” for United Givers Fund (later called United Way), complete with a photograph of seven local IBMers.

During the 1960s, 1970s, and 1980s, the branch worked with the state’s governors on various projects: installing IBM equipment in government in the 1960s and 1970s, attracting Japanese manufacturers to Tennessee in the 1980s, and participating in charitable events. In 1963, Governor Frank G. Clement announced that he was installing an IBM computer “to release many of our State government personnel for more productive and constructive accomplishment.” He added, “More and more, businesses and industries are turning to electronics to increase their efficiency. State governments must keep pace in order to give the people maximum service.” IBMers stood next to him as he spoke.

The clippings file for this branch includes an average of three to five articles per year about IBM in the local press in the 1960s and 1970s and two or three per year in the 1980s. For the branch office meeting held in 1984 to win a small portable TV, the salesmen who put that gathering together convinced the city newspaper to report on the event and include photographs of old machines, with the president of American General Corporation, who was once an IBM salesman in Nashville, standing next to an old IBM computer. Local TV covered the anniversary and showed footage of the historical exhibit put on by the branch.

Branch managers paid particular attention to making sure that when there was local press coverage, copies went to their IBM managers and IBM’s press relations office in their respective sales divisions and were highlighted in branch reviews. When engaging with the press, branch personnel consulted with IBM press relations staff to understand what they could or should not discuss. Branch managers and often their management team received training on how to deal with the press during the 1970s when IBM was in the middle of an antitrust suit in the United States and under investigation for monopolistic behavior in western Europe. Behavior in the Nashville office proved no different. IBM intended for communities to see IBM as contributing to the modernization of local companies and government agencies and that it invested in the community, as in the case of the construction of a three-story IBM office in Nashville in the early 1960s and again in the 1980s.

IBM branches paid considerable attention to community activities, a subject completely absent from the historical literature and
largely, too, from memoirs of IBM employees. Branch managers had in their performance plans the requirement to become personally active in major community organizations to rub elbows with the senior leadership of their customer organizations. They were expected not to be active in political affairs beyond what one would normally expect of a citizen. Those understandings applied worldwide. The Nashville clippings file occasionally documented local charitable events that included, among others, IBMers by name. But local IBM participation was driven largely by the interest in the effort by the local branch manager.

Buzz Waterhouse, branch manager of the NAD branch in the years 1982–1984, took it to another level. He prepared a list of community organizations in which IBM should be involved, ranging from arts projects to feeding the hungry to participation in every business-oriented group. It listed about 25 organizations. He inventoried who in the office was already a member of any of these. Where there was no IBM participation, he recruited from among his charges individuals to participate. He expanded this effort in 1984 to include special one-of-a-kind task forces and local projects. For example, I worked on a regional transportation strategy initiative run by the city’s mayor. Years later, when I served as branch manager, I created a similar list and recruited IBMers to participate, usually as board members to further develop their leadership skills.

A branch office had a small budget for charitable donations and could request additional funds from either regional or corporate headquarters. By the 1980s, IBM was giving away PCs to schools and other corporate funds for higher education, while the firm matched contributions by employees to their favorite charities. In Nashville, the branch obtained corporate funding to assist in the revival of Fisk University, a historically important African American institution that had fallen on hard times. The university relations department at IBM headquarters in Armonk, New York, agreed in 1984 to donate thousands of dollars to this school, along with PCs. Nationwide, branch offices joined the corporation in annually supporting United Way fund drives into the next century. The branch manager deputized a local campaign leader every year to drum up participation among employees. IBM’s branch managers called on other corporate leaders to do the same through one-on-one meetings under the direction of the local United Way chapter.

Their Enduring Value
IBM’s worldwide network of branch offices proved so practical that they existed for essentially the entire 20th century. In the process, they produced nearly $1 trillion in revenue. Crucial to their effectiveness was the practice of generations of managers and executives of having a consistent look and feel for these offices, transforming them as needed over the decades but essentially in tandem with each other. Effective practices could, thus, be quickly implemented across the entire corporation. In part, that was by design, while selling operations changed more slowly than products. One could argue that inertia, too, played a role. Relations with customers often existed for decades, each with its own style of behavior. IBM’s presence in a community was often as a high-profile fixture.

Also contributing to their consistent behavior was the population in these branches. Every branch I worked in or visited had a core group of employees who had been there for two or more decades. These typically consisted of two to six salespeople, often slightly more administrative and secretarial staff, and a large proportion of customer engineers. All were local, normally with spouses from the region, and neither were interested in moving about the company, even in exchange for promotions. In 1985, the Nashville branch celebrated the achievement of one salesman who had made his quota 27 years in a row, all in that office. Across the entire company, only seven individuals that year had earned 27 or more “100 Percent Clubs” in an unbroken row. That same year, the IBM community in Nashville celebrated the retirement of a customer engineer who had just completed 50 years of employment with IBM, also all in Nashville.

Branch managers often served as the most stabilizing force in a branch. There was only one branch manager in Nashville in the late 1950s through the Mid-1960s. I took over
the Madison, Wisconsin, branch in 1987 from a branch manager who had held that position there for 13 years. Some branch managers served for more than 20 years. In the 1970s in the New York area, Tom Perrone was a career branch manager who rotated through branches in the region whenever they needed to have their operations improved. Fondly and fearfully called the “Godfather” behind his back, he brought with him a style of operating that included reinstating traditional IBM values and business practices in a branch office.

Sometimes, stability and longevity did not serve IBM well. In my case, I was ordered to bring the Madison branch office up to modern practices because the regional manager was convinced that my predecessor had “fallen asleep at the switch.” When I came to Madison, the branch felt like one from the 1970s: focused on selling mainframes to a dozen accounts, not expanding its set of customers to include those interested in minicomputers and PCs, and having almost no use for business partners, among other practices that were normal in branches in the 1980s. Out of 505 branch offices in the United States, it ranked 501, at the bottom, in terms of employee morale. It also had failed to consistently achieve its business objectives, although it had met its sales revenue target the previous year “by accident” more than by design, according to my regional manager.

Late in the century, many young managers rotated through branches in two-year tours on their way up the organization. Nashville, for example, had Buzz Waterhouse and then Charlie Utz, each for two years in the 1980s. I, too, rotated in and out of the branch manager’s role between 1987 and the early 1990s. Most sales and systems engineering managers were young and cycled through branches far more frequently than any other group, often in their positions for two to three years before moving to other jobs, their staffs if moving up after four to five years. So, while longevity existed in a branch, new people came and went all the time: new hires, ambitious salesmen and their managers, and systems engineering staff, less so administrative and field engineering employees. There were, of course, exceptions to all these general statements in all branches.

In the 1980s, IBM experimented with alternative channels of distribution for PCs, using dealers and other retail outlets. While much was made of this innovation, the bulk of IBM’s PC sales that decade went through the direct sales force, all of whom worked in branch offices. The strategy of using branch offices made sense as long as IBM used a direct sales force assigned to customers to maintain long-term relationships, essentially in the years of large mainframes. The approach became less relevant when customer relations transformed from largely service based to transaction based.

That last transition began slowly in the 1980s when IBM made the decision to stop leasing equipment and instead sell them outright. The change increased rapidly the cash inflow into the company needed to fund a massive expansion, undertaken in the early 1980s, driven by the chairman, John Opel. When his expansion strategy began failing by late 1984, his successor, John Akers, had to unwind it. By then, selling versus leasing had become a permanent fixture because to revert back would have entailed a massive decline in short-term revenues to a level that would have been unacceptable to Wall Street or to IBM’s board of directors. Part of dismantling IBM in the second half of the 1980s and early 1990s involved reducing the population of many branch offices, particularly administrative and field engineering, even consolidating branch offices in cities that had several. This pattern of change was especially the case in the United States, where labor laws made it possible to lay off employees easier than in other countries and where IBM had its largest and most expensive labor force.

But for nearly a century, branch offices were the key channels for engaging with customers. Historians speak about Thomas Watson Sr. and his son Tom Jr. as driving sales or about the company’s engineering and manufacturing prowess. As a “go-to-market” strategy, they proved extraordinarily effective.

References and Notes


5. As happened with Charles McKittrick in 1946, a district manager. Recounted by his son, Chuck McKittrick Jr., also an executive at IBM, interview with the author, July 18, 2016.


10. The term used by Buck Rogers in *The IBM Way*.

11. Locally, the birth date was believed to be 1934; however, a check of when IBM began paying property taxes indicated that 1933 was the founding year.


21. In fairness to these IBMers, they knew I had a working knowledge of French and Spanish, which made them and myself comfortable that they did not have to revert to using English, IBM’s official language.


31. The branch had forecast a close “miss” on revenue attainment but, when the numbers were all added up, had made it. Not knowing how attainments were being achieved was considered evidence that the individual did not have adequate “control” over his territory. For a branch manager, that was lethal for his career.

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