



Our Values at Work

On Being an IBMer

What does it take to build a great company?

In July 2003, the 320,000 employees of IBM reexamined their relationship with our company and with each other. In a 72-hour online discussion that took place on IBM's global intranet, they shaped and committed to three values that will guide everything we do.

A company that aims high—so high that it changes the way people understand business itself.

That charts a progressive course—not just for business, but for society at large.

That prospers through many economic cycles... after its founder has gone...with more than one product or technology...in regions far from its home base.

How do you build a company that is able to reinvent itself, over and over again—and yet retain its distinct identity? A business that everyone understands, no matter what changes in and around it?

How do you create a business that keeps finding new ways to inspire employees, clients, investors, governments, leaders in *other* industries, the citizens of its communities, the citizens of the world?

Dear IBMer:

As we near the closing weeks of 2003, I know that we are all working hard to finish the year strong. We are executing against our business plans and remaining focused on the needs of our clients. We are doing all the things we must do in times of great change, challenge and opportunity.

But of all the fine work we have done and will do this year, I believe our most significant contribution to IBM's long-term success will be the launch of our effort to establish IBM's values, an effort in which thousands of you have already participated.

Why values? And why now?

Many companies define themselves in terms of technologies, products, pricing or even individual personalities.

This can work well for a time, but when the world changes, they often find themselves adrift. Just look at our own industry. Its history is littered with companies that had their moment in the sun but that no longer exist or are largely irrelevant. I believe that's because they anchored themselves—their business models, brands and cultures—to things that did not endure.

IBM was different. From its inception nearly a century ago, our company has been grounded in strongly held beliefs. They shaped our marketplace identity, our policies and practices. They committed IBM to a broad definition of leadership—to be a trusted partner for customers, a reliable long-term investment, a progressive employer and a responsible corporate citizen. They guided the company through decades of extraordinary change. And they were the qualities that came to mind when people identified someone as “an IBMer.”

In fact, I would venture to say that most of us wanted to join IBM because we wanted to be part of a company that conducted itself in a progressive way and sought to make a difference in the world.

That world is very different today from what it was like when IBM was founded—so different that it's now incumbent on us to re-examine our values, as we redouble our commitment to making IBM a great company. Business and technology, and society's expectations of both, are once again changing. And even more importantly, so are we.

This current generation of IBMers is unlike any of its predecessors, in very meaningful ways. Half of our workforce has been with IBM for fewer than five years. And while IBM used to hire most of its people straight out of school and assimilate them over a period of years into the company culture, today we also hire thousands of experienced professionals, and thousands more come into IBM through outsourcing and acquisitions.

How do you channel this diverse array of talent and invaluable experience into a common purpose? How do you marshal the collective aspirations of 316,000 people serving customers in 165 countries? It's a 21st-century business challenge (one that an increasing number of companies will wrestle with, I believe). And it's not abstract or philosophical.

To focus on our own industry, after a period of fragmentation, IT is reintegrating. This isn't a return to the monolithic model of the past, when companies like IBM built and provided every aspect of a proprietary computing system like the System/360. But clients do want comprehensive solutions. There's no question that they are demanding more than piece-part technology. They expect their partners to have intimate knowledge of business and industry dynamics. All of this means that each one of us must bring to bear, on our clients' behalf, in an integrated fashion, all of IBM's experience, know-how and capability.

How do we ensure, despite our size and complexity, that we work as a unified team, in a manner that delivers on the promise of IBM's brand and business model? We could rely on traditional supervision, process and controls. But in the end, our clients simply wouldn't stand for that, because it would inhibit our ability to serve them responsively. And neither would all of you, because it would stifle your creative energies. We cannot apply Industrial Age management systems to address a post-Industrial Age need. And we can't just dust off the old mantras. These must be genuinely *shared* values. They can't, today, be imposed top-down.

Common values, commonly defined

Acknowledging these realities, we needed to find a way to involve *all* of us actively in the formulation of what most deeply matters to each of us. So, for four days this past July, IBMers from every region, division, level and background talked candidly about our values during a jam on IBM's worldwide intranet. With sincerity, passion—and without pulling any punches—you expressed your ideas and hopes for the company. You contributed a tremendous number of thoughtful comments, which received more than a million page views. I've personally read thousands of postings and e-mails.

What did the jam tell us? There is an unmistakable yearning for this to be a great company once again. In fact, if there's one thing IBMers agree on, it's that ours can be the greatest company in the world. And we agree that the essence of that greatness derives from our values.

There is also a remarkable level of agreement on *what* we value. We talked about heroic efforts in support of our clients and fellow IBMers, about innovation that goes beyond technology, about trust defining all our relationships.

Although there was plenty of lively debate and argumentation, it wasn't over the values themselves. Rather, you are focused on exactly the right question: whether IBM today is willing and able to *live* those values.

I couldn't be happier—both about what we agree on, and what we're debating. Many CEOs have to be cheerleaders of change in their companies. In our case, we are going to tap into our collec-

tive impatience and aspirations to drive change throughout IBM, to make our company what we all want it to be. And I am convinced that this could not have happened if we had not found a way to engage the entire IBM population in a genuine, candid conversation.

This document attempts to distill the essence of what you said into three principles of behavior that can guide everything we do. We have tried to capture the views you expressed, and also the nuances and emotions that thousands of you shared.

The result is not a strategic or operational plan. Although I am certain our values will make a huge impact on achieving our business objectives, they aren't so much about *where* we're going as about *who* and *what* we are as we take that journey.

Now the real work begins, as we think about the multifaceted, long-term implications of what we've signed up for. That thinking must happen at all levels of the organization. We have already begun to re-examine procedures and policies governing everything from performance evaluation, to career opportunity, to the way we engage with and serve our clients. And there will be much more to come—the best of it, I am certain, from the minds and hearts of IBMers.

And we don't have to wait. The discussions of our values in this document include ideas that we can all begin implementing now—as well as questions we'll need to answer in the years ahead. Most importantly, I hope they'll spark your own thinking and actions, so that IBM's values start to become visible today.

A faith in the future

Many people these days have grown cynical. They've lost faith in the idea that a business, a government or any other institution can run itself on the basis of enduring, commonly held beliefs. That's a shame. Maybe people wouldn't feel that way if more individuals in business—not just the leaders, but people at all levels—stood up, declared what they believe in, and then took meaningful steps to make it real, to put their values into practice.

Maybe if one important company did that, if its people showed the way, others would follow. Of course, that would take a special company, and a special group of people.

I believe today, as I did when I started in the Baltimore branch office 31 years ago, that there is no company in the world like IBM. And I also believe that our greatest days lie ahead of us. You have my thanks in advance for the contributions you will make to creating something at once wholly new and unmistakably IBM, something whose example and influence will extend far beyond our times.



Samuel J. Palmisano
Chairman and Chief Executive Officer

IBM has reinvented itself many times. But through it all, our core—IBM’s DNA, its soul—remained intact. That’s because of something that was part of this company since its inception.

IBM’s most important innovation wasn’t a technology or a management system. Our revolutionary idea was to define and run a company by a set of strongly held beliefs—beliefs that would transcend economic cycles, geopolitical shifts, and generations of products, technologies, employees and leaders.

The result of that revolutionary idea was not just an enduring and successful company, but an entirely new kind of enterprise and a new kind of professional—the prototype for the modern corporate employee.

IBM’s most important invention was “the IBMer.”

IBMers
are defined
by what
they value.



IBMers Value



Dedication to every client's success.

Innovation that matters—for our company and for the world.

Trust and personal responsibility in all relationships.

IBMers Value:

Dedication to every client's success.

IBMers are passionate about building strong, long-lasting client relationships. This dedication spurs us to go “above and beyond” on our clients’ behalf.

IBMers are focused on outcomes. We sell products, services and solutions, but all with the goal of helping our clients succeed, however they measure success.

IBMers demonstrate this personal dedication to every client, from the largest corporation and government agency to the startup and neighborhood market.

Every IBMer, no matter where he or she works, has a role in client success. It requires the full spectrum of IBM expertise.

Every company says, in so many words, that the customer is king. What does customer focus mean uniquely at IBM? Is there a quintessentially IBM way of serving customers?

In fact, the IBM tradition of superior customer service is legendary. For most of the past century, it mainly had to do with product service—helping customers install, manage and maintain “business machines,” such as clocks, punch-card tabulators and typewriters. The company made heroes out of employees who went the extra mile for a customer. And our

history is replete with stories of extraordinary efforts by teams of IBMers in response to a customer emergency (or to a community crisis caused by a natural or man-made disaster). Many IBMers still tell those stories today.

We will always care deeply about making sure IBM products perform magnificently, and will always extend ourselves to help a customer in a tight spot. But with modern IT systems demonstrating astounding levels of reliability, that kind of heroic effort has become expected and fairly standard. And more important, customer success is no longer just a function of product performance.

Information technology today is so affordable and so abundantly available that, by itself, it no longer gives our customers any unique competitive advantage. (It's hard to differentiate

yourself using something that everybody can get hold of.) Yes, technology can make our customers more efficient and productive. Yes, it can help them stay in the game. But *changing* the game comes from *applying* the technology in clever or unique ways and making possible some entirely new business capabilities.

This fusion—the intersection of technology and business insight—is what gives our customers competitive advantage today.

For IBM and the rest of the IT industry, this requires a much more sophisticated, multi-faceted solution orientation. We must, as always, bring to our customers advanced technology, but also the insight and deep business knowledge to help them integrate the technology into the fabric of their operations. We must have intimate knowledge of each client—their competitive

“When it comes to emergencies (e.g., the 9/11 terrorist attack or a major storm), words cannot describe the way I feel about how **IBM rises to the challenge** for customers and employees. This is the hallmark of a great company.”

—Mark A. Bartram

“The term ‘customer’ implies a product relationship, while ‘client’ represents a professional relationship—

including services, solutions & products. While a subtle distinction, I believe that this is an important one if values are to drive culture.... We are all about partnering with our clients to deliver business value—as their trusted advisor and provider of choice.”

—Valerie A. Brown

profile, the dynamics of their industry, the realities of their culture.

Simply put, the center of gravity of our marketplace has shifted from transactions to relationships; from technology features and function to knowledge and expertise; from quality products that can be procured at a good price, to solutions that are customized to the needs of *each* client.

To reflect this change in the marketplace, it helps to shift our terminology, from “customer”—which was right for a product- and transactions-focused context—to “client”—which better describes IBM’s business relationships today.

Actually, “client” is not new to IBM’s lexicon. We’ve had client representatives, client executives and client teams for years—starting in the 1960s, with the introduction of the System/360,

which required a new kind of consultative sales force. More recently, the acquisition of PricewaterhouseCoopers Consulting brought into the company thousands of professionals who live and think “client.”

Of course, developing and maintaining these close, long-term, partnership-like relationships will require a lot more than a change in vocabulary. This is virgin territory—neither traditional IT nor traditional consulting.

IT salespeople deliver products to customers. Consultants provide advice to clients. But IBMers commit themselves to *client success*.

This goes beyond prescribing, building, testing and delivering integrated technology solutions.

Client success extends to the way we anticipate what our clients want, need and dream of, the way we structure contracts, process invoices,

“With our customers, I’ve seen us bend over backwards, staying up 24 hours a day, to get someone back up and running, even when it was not due to IBM problems. IBM has alerted customers to a problem with a product, even when not required, and I’ve seen us develop products to help the disabled and that we know will never make us a dime of revenue.”

—Richard J. Ruiz

“Everyone I know in IBM has some story where we as a company responded to a personal employee problem **in a very personal way**... and those stories span four CEOs.”

—Patricia H. Gibbs

ship product, respond to complaints and questions, and help colleagues who are themselves working on a client's behalf. It relates to the way we answer the phone and e-mail, and personally see to it that a client's concern is fully and satisfactorily addressed.

Client success—defined, practiced and honed daily in this way—can set IBM apart from all other companies. But it demands innovative approaches, and some new kinds of decisions and behaviors.

For example, we must assemble a broad array of technologies and skills from within IBM and an expanding set of business partners, and we must do so *one client at a time*. To deliver highly customized solutions while exploiting enormous economies of scale, which favor the generic and the standardized—that is a real feat.

Also, client success today is increasingly defined in terms of business value and business metrics. We are now committing, often contractually, to delivering specific productivity gains, returns-on-investment and cycle time improvements for our clients. If those results aren't achieved—if we don't deliver success for their business—we'll miss our own targets.

These are new ways of doing business in our industry, and there are as many questions as answers today.

- How do we find the right balance between driving billions of dollars in transactions every month and the premium we place on long-term client relationships?
- How do we ensure that every IBMer, whatever his or her role in the company, feels a connection to, and responsibility for, client success?
- How do we integrate on behalf of clients everything IBM and IBMers have to offer without the seams showing?

"I feel the most pride in being an IBMer when a client/customer contrasts IBM with our competition and says things like, 'I can trust IBMers to always tell me the truth. I might not like it, but I can trust what my IBM team says.'"

—Ruth McCorkle

“When I first joined IBM, I worked with a gentleman who has since retired. He made a customer visit concerning a mainframe computer they were using. While there, he noticed that one of the secretaries was having trouble with an IBM Selectric typewriter. He determined the machine was bad, and made a service call for the customer. However, the service folks could not show up for two days, just because of their workload. He came back to IBM, picked up his own secretary's Selectric typewriter and carried it over to the customer—a loaner, until their machine was fixed.”

—Geoffrey L. Meissner

- What new criteria for success come into play when the client is not a commercial business, but a government, an educational system, a whole community or a global consortium?
- When we shift, as we must, beyond IT enablement, and begin to engage in strategic transformation, will we be helping to shape educational policy, healthcare priorities, affairs of state? If so, how does that change the way we think of and manage our business?

These are important questions. Whatever the answers, one thing is clear: The stakes for our clients are only going to get higher, and our interconnections with them are only going to become deeper.

That will demand, day in and day out, a level of personal knowledge, dedication and partnership from us that is new to the world of client relationships. This is the cutting edge, the place where the agenda for the future will be set.

Which is just where IBMers
like to be.

IBMers Value:

Innovation that
matters—for
our company
and for
the world.

IBMers are forward thinkers. We believe in progress, believe that the application of intelligence, reason and science can improve business, society and the human condition.

IBMers love grand challenges, as well as every-day improvements. Whatever the problem or the context, every IBMer seeks ways to tackle it creatively—to be an innovator.

IBMers strive to be first—in technology, in business, in responsible policy.

IBMers take informed risks and champion new (sometimes unpopular) ideas.

When all is said and done, IBM's value to clients comes down to innovation. We help them achieve success by introducing new ways of thinking, working, managing and structuring themselves—and new tools and capabilities for doing so.

Of course, IBM has always treasured *invention*, and has been a seemingly perpetual font of it. IBMers invented the single-cell DRAM chip, the

magnetic disk drive, RISC technology, FORTRAN, the relational database, fractals, Deep Blue. They've pioneered airline reservation systems and financial trading systems, helped put a man on the moon and a rover on Mars. IBMers have won Nobel Prizes, the Turing Award, the Japan Prize. IBM has received more U.S. patents than any company in the world for each of the past 10 years.

But even in the company's early years, there was always a more profound aspect to innovation at IBM. It has come down to a basic outlook.

IBM has a fundamentally optimistic viewpoint. This company has always believed in progress, believed in reason, believed in science and the improbability of the human condition. It was no accident that we pursued a progressive social agenda, championed tolerance and led

business in everything from workforce policies, to equal pay, to environmental awareness. All of these are, to IBMers, *innovations* in their own right, at least as important as pioneering a new technology or a new way of doing business.

This has shaped our research agenda—and also our work with clients, our company’s policies and role in the broader world, and individual IBMers’ conscience-driven behavior. It has been applied by our Nobel Laureates to global problems and the creation of new kinds of science. At the same time, the value we place on innovation also motivates thousands of ordinary IBMers to think of ideas and modifications of the *status quo* that make some part of IBM better, more efficient or more human.

This is a lot more than “invention.” It’s also more than invention turned into profitable outcomes, or client success.

“We have IBM Fellows today whose brilliant breakthrough was discouraged by their management at the time.... But these persistent inventors **just kept plugging, doing** a one-person or two-person or three-person, unapproved, skunk-works type of operation.”

—Bob Schloss

“Our role here is that of a catalyst to scientific discovery. With our help, researchers may faster find a cure for Alzheimer’s or Parkinson’s, or may get us new insight faster on global warming and its relation to floods. One of our executives recently held a speech at the National Foundation for Cancer Research. The feedback from the audience (cancer researchers from around the world) was: ‘We believe that in the future, it could well happen that it is an IBM scientist, not necessarily one of us, who succeeds in finding the cure for cancer.’

I think that says it all.”

— Sabina Stein

Innovation at IBM is about making the world better—for our colleagues, our clients, our neighbors.

The question is, how do you build and sustain a culture of innovation? Thomas Edison’s prescription for genius is well known: 1% inspiration and 99% perspiration. Most focus on the 99%—hard work, trial and error. But what about the 1%? A lot of people tend to treat that as if it were simply magical—not subject to guidance or nurturing, much less planning.

However, if we study history, we know that that’s simply not true. There are times, places and certain conditions under which creativity absolutely flourishes. But it doesn’t happen by itself. It depends on us. If we want to continue to enjoy a vibrant culture of innovation across IBM, each of us must develop the impulse to

seek new and better ways to do things, and the courage to take intelligent chances.

Many IBMers today talk about this—how we can't allow ingrained habits or departmental routines to deter us from trying something new, even something a bit risky. We know that we need to develop the habit of looking opportunistically for ways to improve our jobs, our teams, our company and our clients.

Today, the nature of innovation itself is changing. It is less focused on things than on ideas, collaboration and expertise. It is nurtured at the intersection of invention and insight, across fields of study and disciplines, as well as industries. We see tremendous potential for innovation in healthcare, life sciences, government, education, transportation and

“So often, IBMers find themselves wondering, ‘Am I authorized to do this?’ What really knocks me out—and makes me want to stick around—is when I see folks strike out on their own at IBM, almost become entrepreneurs within the system. It’s so cool when it works!”

—Ethan McCarty

“The unique contribution of IBM to the world **is its belief in the possibility of making a better world through IT.**

All IT companies believe in IT business potential—but since Watson’s times, IBM is the champion of the above illuministic/rationalistic belief, continuing the great tradition of the

scientific enthusiasm of the last two centuries.... It is a belief shared by most IBM people at all levels.

These people, customers say, believe in what they do. They do it for money, like everybody, but there is also something deeper there.”

—Stefano Nocentini

manufacturing—as technology becomes infused into the business of society.

As IBM's business model continues to shift toward being a strategic partner for enterprise transformation, we will inevitably find ourselves having to create new approaches, as well as new technologies, in some previously unfamiliar areas.

In fact, we're already breaking new ground here, including our embrace and exploration of new forms of collaborative creativity such as Open Source.

And, not surprisingly, new approaches raise lots of new questions.

- How should we go beyond traditional notions of "R&D" and intellectual property, so we identify and nurture the intersections that lead to innovation?
- How do we define and measure innovation?

- How do we identify the technologies, applications, disciplines, investment and training strategies that are most supportive?
- What skills are needed—not just in science and technology, but in management and collaboration, across industries, professions and fields?
- Within the company, what can each of us do to foster a climate of innovation?
- What chances can we responsibly take? What permissions can we afford to grant to others? How much "control" can we give up, so that fellow IBMers are free to try out their ideas?

Finally, as we think about giving up control, it is impossible these days to ignore the cries in some corners for *more* controls. In large part because of excesses of some businesses during the 1990s, there is a new mood in the U.S. and elsewhere that verges on hostility to experimentation. As a society, we find ourselves at risk of becoming risk-averse, which has the

“We need to step back for a second and consider what the 21st century IBM will be remembered for. In the 20th century, IBM formed the industry, through System 360/370, relational databases, FORTRAN, the PC—each of them, at the time, a monumental leap, important to building IBM as it is today. However, they are all technology plays. That’s what we were known for in the last century. For the 21st century, I believe the company needs to focus on 21st century customer values: business flexibility, efficiency, ability to merge and acquire, partnerships, new markets, rapid deployment.”

—Dr. David Watson

potential to dampen business investment and the creation of new businesses—not to mention new science.

How should a business and technology leader respond? What values will guide us through this perceived conflict between innovation and trustworthiness? And what should individual IBMers do to ensure that innovation continues—indeed, accelerates?

These are difficult questions—and not the kind asked by companies that focus on producing gizmos, doodads or “the next big thing.” These are questions you only ask if your goal is to make not just a product, or a profit, but a difference.

In other words,
these are the questions asked
by IBMers.

IBMers Value:

Trust and personal responsibility in all relationships.

IBMers actively build relationships with all the constituencies of our business—including clients, partners, communities, investors and fellow IBMers.

IBMers build trust by listening, following through and keeping their word.

IBMers rely on our colleagues to do the right thing.

IBMers preserve trust even when formal relationships end.

As an IBMer, you will make decisions that will affect the future, brand and reputation of this company, other people's jobs and careers and even more people's work and lives. If you cannot make those decisions honestly and ethically, for the right reasons and without regard for your own personal benefit, then you should not—and likely will not for long—be an IBMer.

Honesty and ethical behavior have characterized IBM since its birth. They are the *sine qua non*. But today, simply complying with the law doesn't differentiate a company. As necessary as ethics

"It became apparent that the only way we could meet the customer's budget was to bypass the Business Partner we were working with... Although I'm sure everyone around the table realized we could end up losing the \$2M bid... no one, sales or technical, suggested removing the BP from the deal. No. We worked with the customer to change the parameters of the deal and...we kept the relationships with both the BP and the customer on excellent terms....

It's easy to say we are at our best when we win deals, but I believe we are really at our best when we risk losing them by taking the high road."

—Bernard Freund

“My former manager was amazing at getting things done with just a phone call or a handshake. Because people trusted him to keep his word, they would go out of their way to live up to their part of a deal. Once, we were in desperate need for a midrange computer system.... My manager simply called a friend, and two days later one arrived on our shipping dock. His friend had the authority to run a third shift in manufacturing, and they built an extra system just for us. There was no extra paperwork, no endless meetings to justify the need. Just a phone call based on trust.”

—Ronald Linton

and integrity are for any company, business leadership now requires much more. It requires the capacity for a deeper kind of bond.

That’s why “trust” is so much more meaningful and essential today. When a company’s brand was mostly—perhaps solely—visible in its products, the watchwords were “excellence” and “quality”: The product performed in all respects, as promised. But when a company like IBM seeks permission not just to provide a well engineered and supported piece of equipment, but actually to help shape a company’s purpose or manage its people, a whole different kind of relationship is involved.

And it’s not just with clients. Today, all the constituencies of a business—including partners, communities, investors and employees—have much more profound expectations of corporations.

At the same time, a business's relationships have become a lot more complex. The entities and people with whom IBM has relationships also increasingly have connections with *each other*—and with a broader ecosystem of businesses and other communities.

Inside IBM, we've never been more matrixed, more global, more "virtual," more dependent on people who don't sit next to us and don't report to us. Nonetheless (or, rather, especially), we must come through for our colleagues—or be clear about why we cannot. Ambiguity, uncertainty and passing the buck are the surest ways to kill both productivity and relationships.

Hence, the increased *practical* importance of trust. We'll never have rules and regulations sufficient to steer through this dynamic, ever-changing universe.

"Recently one of our on demand clients said to a group of industry analysts, 'We're not just trusting IBM with our IT experience, but with our total brand experience.' To me, that's a profound testament to the trust our clients do put in us."

— Ginni Rometty

“Unfortunately, all large organizations need some kind of governance structure, but process is often built around the concept of control rather than enablement. But if we valued trust and trustworthiness and integrity above all else, we wouldn’t have to worry about ‘control,’ and then our processes would support customer excellence.”

—C. Diane Jetmund-Perigny

It used to be a rule of thumb that “people don’t do what you expect, but what you inspect.” However, in business today, the capacity to inspect and control is simply overwhelmed by a radically more fluid, volatile and interconnected daily reality.

Hence, too, the increased importance of personal responsibility. In fact, it’s the little things that *individuals* do which add up, over the years, to deep and lasting relationships, and to a unique reputation as a corporation: The acknowledgement of a special anniversary. The drive through the night to attend the funeral of a colleague’s parent. The gesture that shows you’ve really thought about what matters to someone. The simple acts of listening and following through. These are the ways in which we make our business relationships truly

personal, and through which we infuse the company with our own humanity.

Trust is not the same as agreement. Often, the greatest testament to trust as a value of IBMers is when it's maintained *despite* disagreement, when we have to go our separate ways, when it means “no deal.” Trust can be preserved when the other party sees that we've conducted ourselves responsibly and that we have explored and exhausted every reasonable option before we agree to disagree.

Very often, that extra effort will achieve positive, near-term results. But even when it doesn't, the person we're dealing with—whether a client or a competitor, a colleague or a neighbor—should feel, “That IBMer was straight with me. We can still work together. In fact, I intend to.”

“IBM is at its best when we focus on risk-taking....
IBM is a company run by adults, so fostering risk-taking behavior translates into driving innovations, understanding there will be failures—but not retaliation....
We need to celebrate disruptive paths and ideas.”

—Michael R. Haley

“Shortly after joining IBM 18 years ago, I was asked to serve on a jury. It was a child abuse case. The judge and the trial lawyers had many prospective jurors from which to choose. When I approached the bench and answered their questions, I was surprised when the judge said, ‘You guys can pick whoever else you want, but *I want this IBMer on that jury.*’ I have never felt so much pride. His statement said it all: integrity, excellence and quality.”

— Larry E. Jordan

This isn’t easy. Indeed, sometimes it’s quite risky, especially when we have failed to meet the other person’s expectations. But the very idea of risk is inseparable from the concept of trust. It’s only when there’s something important at stake that the need for trust becomes acute.

At the end of the day, the importance of basing a company on values—rather than strategies, or technologies, or core competencies—is most apparent when it comes to trust and relationships. That’s because values aren’t something you plan, or train, or discover. They’re something you visibly *are*.

Over time, whether you’re an individual or a global corporation,
**it’s what you are at your core that
defines your identity**
and the impact of your life and work.

The value of values

Declaring what you value is a deceptively easy thing to do. However, what you're actually doing is far more consequential than it seems.

You're committing to an ongoing identity and course of action. You're describing how you will relate to others—including those you haven't met. You're establishing a criterion by which you will be judged, not just by your contemporaries, but by history.

Many companies, governments and other institutions take this step with confident boldness. But not all do so with deep seriousness. And even

fewer will survive long enough to have their values tested—and validated—through decades, or centuries, of change.

For IBMers, it is precisely because we have survived for nearly a century, and expect to thrive for another one—and because we face so many truly challenging questions right now—that our values are, once again, so essential.

How will we make the tough calls? For example, are there profit opportunities we ought *not* to pursue?

This is a question, in part, of attending to what's ethical and in tune with our values. But it's also about being honest about what we can actually achieve.

Conversely, what are the truly important public issues that we *must* pursue, even when it means extra cost and effort, even when it may mean sacrificing business? In an earlier era, IBM demonstrated this kind of principled behavior

in matters of diversity and tolerance, when Tom Watson, Jr.—bringing the company values established by his father into a new era—wrote to the governors of some southern U.S. states about IBM's refusal to adhere to "separate but equal" laws, and took the additional step of codifying IBM's equal opportunity policy.

Setting out to base any institution on values comes down to two things: a clear idea of who you are, and the confidence that that is the right thing to be. It's accepting a life based on continual re-evaluation and difficult but meaningful decisions. Which is, of course, the place where the important discoveries are made, and where the future is shaped.

In other words,
a place inhabited by IBMers.





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