IBM made a major investment in its intranet in the late 1990s, a step that has paid off by enabling 330,000 global employees to participate in a discussion about corporate culture and company values. Here, David Yaun explains how the intranet became a platform for discussion and consensus, allowing all employees to have a say in rewriting IBM’s corporate values for the 21st century.

Driving culture change by consensus at IBM

Using technology to involve employees in shaping corporate culture
An interview with David Yaun

IBM uses its global intranet to harness the collective intelligence of its 330,000-strong employee population and drive culture change by consensus. As David Yaun, vice president corporate communications explains, the intranet provides the platform for its innovative enterprisewide online forums for discussion, collaboration and creativity – or “Jams.” As the corporation states on its website, “Jams are to traditional forms of culture change what jazz improvisation is to musical notation.”

A unique cultural challenge
With more than 330,000 employees operating in about 170 countries, IBM is the world’s largest information technology company. Since the early 1990s, it has undergone a dramatic shift in its portfolio from products to services. It’s now a hardware, software and services company, with its global services division employing around 170,000 people.

Over the past five years, IBM has sold off large parts of its operations, including its disc drive business and, in 2005, its PC company. It has also acquired large organizations. For example, in 2002 it strengthened its business advisory capabilities by acquiring the consulting arm of professional services firm PricewaterhouseCoopers.

As Yaun explains, these changes, along with the nature of IBM’s business, have resulted in two key characteristics in the employee population that need to be taken into account when designing strategies for culture change and internal communication:

1. Nearly 50 percent of IBM’s employees have been with the company for less than five years. This high turnover reflects the changes to the business and the changes in IBM’s business portfolio overall.

2. More than 40 percent of employees do not work in an IBM facility or location in any given day. “Every single day, 140,000 of our people are working remotely; they’re either at customer sites or working from home developing software or delivering online services,” says Yaun. “They include tens of thousands of people who’ve never set foot in an IBM office in their entire career.”
Culturally, this presents a difficult challenge. “How do you ensure consistency of brand experience and uphold unified corporate values? How can you make sure behaviors are in line with our global business strategy when a significant proportion of employees don’t report to an IBM office?” asks Yaun.

The obvious solution was to build the corporate culture around the global intranet.

The intranet as a platform for culture change
“We consider the intranet to be the best possible vehicle for reaching a remote employee audience immediately and consistently, so in the late 1990s we invested hugely into its infrastructure, content, resources and applications,” explains Yaun. This investment succeeded in attracting IBMers to the intranet and by 2001 the annual employee survey revealed that employees saw it as their most trusted source of information. On any given day, 275,000 employees log on to what has effectively become IBM’s virtual work environment.

“We realized we had a really profound platform for culture change as early as 1998-99, when we started trying to embody the culture of innovation and collaboration that we thought was necessary for a company of this size to succeed,” says Yaun.

IBM came up with the concept of an intranet jam in 2000 after several years of more traditional in-person sessions. “IBM hires good people and we wanted to harness their collective wisdom,” he says. “Also, given the size of the employee population, it’s likely that at least one of them has faced every situation that you can possibly imagine.”

Summer Jam
The very first Jam was a brainstorming event organized in summer 1998. Yaun sets out the background: “IBM Research has seven facilities and some 3,000 employees around the world. Every summer the research division would get the best interns in the world. However, only about 10 percent of them ended up being hired by IBM.

“We decided to find out why we weren’t converting these world-class students into IBMers and discovered that the primary reason was that many of them felt that their internships had not lived up to expectations. They had looked forward to having access to top thinkers, working on multi-disciplinary problems and meeting a lot of interesting people. However, interns tended to be siloed within particular departments, so they didn’t get to meet people in other groups and they didn’t have access to senior management.”

David Yaun directs the IBM Corporation’s worldwide internal and external communications programs related to innovation and technology leadership. He is the lead executive responsible for the company’s annual Global Innovation Outlook program and serves as an executive sponsor for IBM’s “ThinkPlace” idea generation program.

Yaun and his team came up with a novel way of giving the summer interns – and everyone else working at IBM Research – the interaction and inspiration they had expected. “We decided to stop work for a day in late July or early August at all seven sites and bring together our IBM Fellows, our Nobel laureates and our business leaders for a freeform brainstorm with the students,” he says. “We called it Summer Jam and we got buy-in and support from many of our leaders around the company. This included the then CEO, Lou Gerstner, who came over to our Watson research lab and spent two-and-a-half hours brainstorming with six shell-shocked students who couldn’t believe that they were sitting in a conference room with a captain of industry brainstorming the future of technology. It was an extraordinary and delightful moment.”

This session sparked the idea of organizing a brainstorming event on the intranet so that the whole employee population could get involved.

Setting the scene for culture change
In May 2001, WorldJam was the first global online brainstorming exercise. More than 52,000 employees participated, generating some 6,000 ideas for what individuals could do to improve their jobs, their working lives and the company.

IBM opened up its intranet and invited all its employees to jam on 10 specific issues. “We formulated some specific questions on these issues and had very loosely moderated discussions around them for 72 hours. A variety of leaders from around the company provided moderation, facilitation and encouragement to keep the dialogue going, but the discussion was shaped by the employees themselves,” says Yaun. “This represented a remarkable statement of trust in our employees, and set the scene for culture change.”

KEY POINTS:

- Following major investment in the intranet, IBM has used this platform to facilitate global online brainstorming.
- Encouraged by the success of the first “WorldJam,” new CEO Sam Palmisano invited employees to use this forum to rewrite IBM’s corporate values.
- An intelligent software tool known as “The Jamalyzer” was used to mine the responses of 70,000 employees and identify key themes.
- The exercise uncovered a community of shared thinking in the company’s large and diverse employee population.
**New leader, new values**

In 2002, Sam Palmisano took over as CEO. Palmisano had grown up with the IBM culture, having worked under every CEO of IBM except for its founder. Although IBM had handed down its “basic beliefs” to its employees since 1928, these were no longer relevant because the company itself had changed. Growth through acquisition had produced an organization of independent nations that needed to be more collaborative and participatory.

Palmisano observed that companies often don’t live their corporate values because these values are imposed from the top; they don’t come from the people. So he decided to use the Jam technology to give all 330,000 employees a say in rewriting IBM’s corporate values for the 21st century.

As Yaun explains, Palmisano had two key purposes in asking employees to define IBM’s core values:

1. They would provide a clear mandate for change.
2. They would guide the change process so that he could then say, “This is what you told us to do. This is how you want us to run our company.”

**ValuesJam: Defining a new culture**

In 2003, the communication team organized ValuesJam in which the entire company engaged in a global online forum to identify IBM’s core values. They started by asking about 80 people in four different groups around the company to put together starter sets of questions framed around the role of values in managing a company. This led to the organization of four forums based on open and provocative questions designed to elicit a dynamic and fruitful debate. (See Figure One below.)

There was a huge response – around 70,000 IBM employees participated.

**Distilling the core values**

The next step was to analyze the contributions for common themes and patterns. IBM Research has developed an intelligent software tool known as “The Jamalyzer” which can mine large quantities of data and text and find patterns. “It’s 80 to 85 percent accurate – it isn’t yet smart enough to understand the biases of moderation or the nuances of dialogue, but for the most part it can reveal key themes and phrases that are repeated,” explains Yaun.

Yaun and his colleagues then pore through the material manually. “You’d think that it’d be an onerous task, but actually it’s fascinating because it’s the equivalent of the world’s largest focus group,” he says. “It gives those of us who are responsible for internal communication and culture change an unprecedented snapshot – something that no surveys or town-hall meetings could ever provide. It gives us a real finger on the pulse of the organization – what people are thinking about, whether they’re angry or happy. People can read between the lines in a way the computer can’t. We can see the nuances, the tonality and the interest with which they dive into some of the topics.”

Within days three predominant values emerged:

1. Dedication to client success.
2. Innovation that matters for our company and the world.
3. Trust and personal responsibility in all our relationships.

“The same three topics came up over and over again, but with a deepness and nuance we never expected,” says Yaun.

**Uncovering shared thinking**

According to Yaun, the discussions initiated in ValuesJam uncovered a community of shared thinking in the company’s huge and diverse employee population. “It was crystal clear that IBMers valued innovation that matters to the world above all,” he says. “We’d never considered how strongly people feel about IBM’s role in shaping the modern world and their pride in the fact that our technology helped man get to the moon and helped to create the first social security system and is now being applied to fighting cancer and AIDS and mapping the human genome.

“That was a distinct part of IBM that we hadn’t considered before. Although we had an inkling that there would be something around innovation and being the technical leaders, the societal aspect was eye-opening for us.”
Corporate values regularly refer to customers, but at IBM, the word “client” appeared frequently in the dialogue. This reflected the company’s aspiration to shift away from products and become more of a services and consulting business. “The Jamalyzer analysis repeatedly confirmed that innovation and client success were by far the top themes,” says Yaun.

“The debate on trust and responsibility may have reflected the timing of ValuesJam – it was not long after the Enron scandal. However, I think even if we’d done it at a different time, we would have had a similar response.” Yaun explains that the dialogue on trust and responsibility was both positive and negative. Some IBMers suggested that there was not enough trust between employees and managers, or between IBM and its clients, whereas others expressed immense trust in the company’s decision-making and in their colleagues and peers and acknowledged that the corporate culture was based on taking personal responsibility.

Yaun underlines the importance of reading the comments as well as analyzing their content. “A computer might not get that there were two flavors in that discussion. Collectively it was powerful as we realized that we had to include that value,” he adds.

**Announcing the values**

Once the values had been defined, they were announced to the company. According to Yaun, “It was a watershed moment.” About six weeks after the Jam, the CEO sent a letter to all employees revealing the attributes that they had chosen for the company. He told them that they had given him a mandate for change and that he was committed to bringing the values to life. “In the next 24 hours he received 3,000 e-mails from employees,” says Yaun. “They ran from people saying how wonderful this was and how it had moved them to tears, to people saying in a polite and constructive way that it was a good start, but we had a lot more to do.”

**Finding ways to implement the values**

Palmisano committed to having a second Jam around the values, so the communication team designed new questions around each value, which were discussed by IBM’s online community in WorldJam 2004. Employees were asked to suggest ideas around implementing the values and potential barriers to success.

“The goal of the second Jam was to come up with specific actionable ideas,” explains Yaun. “Tens of thousands of people participated and we came up with a list of about 200 initiatives that we could implement to bring the values to life.”

Employees were then invited to rate the ideas. “We introduced a rating system whereby people could give ideas one to five stars for impact, feasibility and so on,” explains Yaun.

Palmisano committed to implementing the 35 top-rated ideas and IBM has since invested tens of millions of dollars into programs and initiatives that are predicated on them or directly inspired by the ideas originating from this inclusive consultation on the values.

**Internal communication leads the way**

Despite its critical role in building and maintaining IBM’s intranet-based collaborative corporate culture, the internal communication function remains one of the smallest divisions in the company. Instead of a system of direct upward reporting, the local intranet teams at what IBM terms “tier 1, tier 2 and tier 3 sites” take guideline direction from the center.

“Thanks to the intranet, the online community and the initiatives that have flowed from the Jam, we’ve found it easier to get the ship going in one direction and set up a globally integrated communication management model,” explains Yaun. “We divide our decision-making in a consistent way. Some decisions are best made globally and others are best made locally. While issues pertaining to the culture, values and strategy of the company should be decided globally, matters such as local employee satisfaction and dealing with governments should be left to local experts and we’re very respectful of that division of responsibility,” he adds.

**Building global forums**

Jamming has also been applied successfully in the public domain, so the tool that delivered its values has become another way for IBM to deliver innovation to the world. Last year, IBM organized its first external jam on behalf of an organization affiliated with the United Nations, with the aim of engaging young people in particular in a global debate to exchange ideas on providing support to the world’s poorest nations. There are plans to repeat this in 2006.

This case study appears in Melcrum’s forthcoming report on internal communication’s role in defining and shaping corporate culture, published in July 2006.

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