# IBM's "ValuesJam" – Teaching Notes

(Teaching case study, exclusive material for teachers based on chapter 3.4 of "Values-Based Innovation Management" by Breuer & Lüdeke-Freund, Palgrave Macmillan Education, 2017)

## Case Summary

*Success stories of values and value commitments that positively impact organisations are often centred on heroic leaders and their far-reaching visions. However, values (i.e. notions of the desirable) are omnipresent and in most organisations wait to be discovered as an untapped source of innovation. At the International Business Machines Corporation (IBM) this intuition led to an initiative of bottom-up integration and values-based innovation. The case shows how values that have been initially defined and promoted top-down to fulfil a directive function for the company may be redefined in a bottom-up manner. In 2003, a global intranet discussion called "ValuesJam" was initiated among employees in order to examine and redefine what the company and its employees stood for. Starting with such multilateral integration, these values then fulfilled a directive and generative function for innovation management.*

## Approaching the Case

*The challenge: Renewing corporate culture and values*

The IBM case addresses the general importance of a shared corporate culture, a common understanding what a company stands for and what it means to be working for a company. IBM looks back at a rich history based on strong corporate values, namely "respect for the individual", the "best customer service", and the "pursuit of excellence". These values were valid for nearly one century. However, after a decade of crisis and restructuring IBM's board had the impression that an "update" was required. The challenge related to this endeavour was to be as open as possible to what IBM's 300,000 employees think and feel about the company.

While IBM's board could have applied a traditional top-down approach, defining the company's core values, vision and mission at the board level and using corporate policies and governance to implement them, CEO Samuel Palmisano initiated the "ValuesJam" as an open and bottom-up driven process to review the company's values and to derive new business strategies and innovation approaches. IBM's case illustrates a very comprehensive and dedicated approach to values-based normative management, as described in ⇨ chapters 2.4 and 2.5 of the book on "Values Based Innovation Management".

When working with this case, it is important to sensitize students for the many, different challenges related to the "ValuesJam"; e.g. the Jam was a new and so far not established format; IBM is a global corporation with hundreds of thousands of employees in 170 countries; IBM is a diversified corporation etc. These challenges lead to different risks that had to be dealt with; e.g. logistics – how to integrated so many employees from so many different cultural and disciplinary backgrounds; open format – what if no clear, or even a contradictory, view on the company's values, vision and mission emerged etc. What if complaints about the cost cutting and shrinking of the workforce in the 1990ies and negative propaganda prevailed and threatened the corporate climate?

Case from Breuer, H. & Lüdeke-Freund, F. (2017). Values-Based Innovation Management. Palgrave

Considering these challenges and risks, several questions emerge: *Why did CEO Palmisano choose the "ValuesJam" format? What are arguments for and against this format? Would students working with this case make the same decision?*

*Case type: Problem and decision case* (this section builds on Lüdeke-Freund & Zvezdov, 2013)

The case presented is a *problem case*, as it touches at least upon two broader problem areas IBM was confronted with. The first is the problem of understanding and exploring the culture and values of an existing, traditional corporation. The second is the problem of renewing this culture and its underlying values. Moreover, it has elements of a *decision case*, because the case protagonists – Palmisano and Yaun – make several explicit as well as implicit decisions. The students are challenged to understand and evaluate the often complex problems and related decisions (concerning case types, refer to, e.g., Ellet, 2007 or Lane, 2007).

We follow Ellet's definition of a problem case as "a situation in which (1) there is a significant outcome or performance, and (2) there is no explicit explanation of the outcome or performance," or, in other words, "a problem is a situation in which something important has happened, but we don't know why it did" (Ellet, 2007, p. 21). Following Lane, problem cases can be designed to place students "in the shoes of a relevant decision-maker" (Lane, 2007, p. 1) in order to teach them analytical skills and stimulate critical thinking.

A variation of the problem case type provides not only the problem, but also reactions (and even solutions) and outcomes. Here, students gain a deeper understanding of what may have caused the problem (i.e. that IBM had to renew its culture and values), what options were available (e.g. different tools to develop corporate culture and values), how and why protagonists made the decisions they did (i.e. the decision to conduct the "ValuesJam"), and how their decisions relate to the observed outcomes (i.e. IBM's new corporate values and new initiatives inspired by the new set of values). Concerning decision cases, Ellet states that "[i]dentifying decision options is often easy because the case tells you what they are. As soon as you encounter a stated decision, you should look for a statement of the alternatives. If they aren't stated, then the first goal of analysis is to come up with plausible decision options" (Ellet, 2007, p. 23).

The IBM teaching case contains an important real-life problem that companies face in their everyday work. Nevertheless, students should think about the decisions which influenced or even led to the case events. For example, the "ValuesJam" was based on a fundamental decision: IBM, as a leading, global corporation that looks back on one century of corporate history needed to renew its culture and values – why? The case juts gives hints. Before working on the case questions proposed below, students may be asked to explore this question on their own, maybe also looking at other companies in a similar situation. From a normative management viewpoint, another option might have been to modify the traditional values a bit, e.g. to avoid a potential destabilization of the company's culture. Why did Palmisano opt for the more radical path? Students are thus prompted to look at such explicit and implicit decisions.

**Immediate issues and problems**

If the instructor wants to work on selected theoretical and conceptual foundations of values-based innovation, the case can be used to work on the following questions:

- What are possible sources of new values and normative orientations? How may they impact innovation and its management?
- How can top-down and bottom-up processes introducing new values, missions and visions to an organisation be characterized?

See ⇨ chapters 2.2.2, 2.5.4, and 3.3.1 in the book.

Taking a closer look at the specific case of IBM and its "ValuesJam", the following questions might serve as a starting point to explore this case in some more detail:

- Why did Samuel Palmisano decide for the "ValuesJam" format, and why not for a traditional top-down approach?
- Was the success of this initiative guaranteed from the beginning? Which risks had to be managed? How would you go about managing these risks?
- The case refers to instruments used at IBM to nurture the company's core values, such as basic organisational beliefs printed on small cards. Which further instruments are mentioned in the case? How do these instruments work?
- This initiative has some very special characteristics such as online and intranet-based communication channels. How did IBM make use of this format?
- Is the "ValuesJam" format suitable for any kind of company? What are IBM-specific aspects, and what might work in other companies, what might not work?
- How do you see the relation between values and innovation in this case? Can you think of further measures to drive innovation based on an elaboration of values?

See also the related publications on the "Values Jam" mentioned in the book, e.g. IBM, 2016; Yaun, 2006.

**Suggested Analytical Concepts**

The case refers to *bottom-up* and *top-down* approaches to introducing new values, visions and missions to an organisation. A conceptual framework distinguishing different "entry points" for new organisational values is introduced in ⇨ chapter 3.3.1 in the book, in particular ⇨ figure 3.1.

Further concepts the case refers to are the *directive* and *generative* functions of values, describing how values provide for direction as well as enhance creativity in organisational development in general and innovation management in particular. These functions are described in ⇨ chapter 2.2.2 in the book. The "topographies" metaphor introduced in ⇨ chapter 2.2.2 might be helpful to understand and explain the different functions of values.

The overarching concept that applies to the IBM is *normative management.* Normative management is one of the three dimensions distinguished in the Integrated Management Concept introduced in ⇨ chapter 2.4 in the book. If students need to look up the basics of values, visions and missions, they can refer to ⇨ chapter 2.3.

If the instructor wants to go one step further towards *methods and tools* that can be used to explore organisational values and develop future visions, ⇨ chapter 7 in the book presents approaches such as "values-based open innovation", "normative future scenarios", and "ethnographic exploration of values". Potentials and limits of facilitating the review and elaboration of organizational values through an online platform may be discussed.

**Audience and Teaching Objectives**

Some aspects need to be considered when working with this case that was simplified to for educational purposes. A basic understanding of a wide range of topics ranging from organisational culture to organisational values and integrative management is required. Moreover, some background information on IBM, its development in the 1990ies as well as its business models and various business areas is necessary. Materials, such as the corporation's latest annual report and website, a video introducing the technical platform and the global innovation outlook documents may be studied.

- An introductory video to IBM's InnovationJam™ platform: https://www.collaborationjam.com/
- Presentations on the Global Innovation Outlook IBM 2004; IBM 2006

With such preparation, the case can foster a deeper understanding of the activities undertaken and the decisions made by IBM. A detailed analysis may reveal that the decisions made, albeit successful, can or even must be seen as the result of sound and rational business logic. It can be assumed that IBM's management had good reason to act as it did – or did the CEO have no other options?

The possibly counter-intuitive result that the "ValuesJam" might be seen as risky format renders the case suitable for advanced management students in various fields, the primary target group being graduate or master's students. Depending on the intended depth of analysis, the case can also be used for undergraduate teaching. Here, it may be used in a more illustrative manner. The case can be applied in (graduate/master's) courses on Innovation Management, Human Resources Management, Business Strategy, Marketing Management, Business Ethics, Corporate Social Responsibility, or other courses related to topics of Innovation Management and Corporate Governance.

Using the analytical concepts proposed in the "Suggested Analytical Concepts" section, instructors can achieve various teaching objectives. They can focus on:

- The theory and concept of values-based normative management.
- The theory and concept of values-based normative innovation.
- Top-down and bottom-up processes to develop organisational values.
- "Entry points" of values in organisations.
- The functions of values, such as directive and generative functions.
- Methods and tools to facilitate normative management and values-based innovation.

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