

Chapter 3

Rooted in the Archives: The Contribution of Corporate Heritage to the IBM Brand

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IBM Corporation (United States of America)

Since its incorporation in 1911, IBM evolved from a small business that made scales, time clocks and tabulating machines into one of the world's most innovative and admired corporations, with more than 400,000 employees creating and implementing information technology solutions for clients in more than 170 countries. The corporate stories that document that evolution are complex tales of high technology, scientific genius, engineering innovation, client focus, and daring risks. These tales illustrate the many ways that IBM has literally changed the way the world works and lives, and collectively they comprise the heritage component of the world's second most valuable brand.

These stories are drawn from the IBM Corporate Archives, based in an I.M. Pei-designed facility in Somers, New York, USA. The Archives, a rich collection of mostly 20th century business and technology documentation, includes more than 4,000 linear meters of print documentation, 6,000 films/videotapes/audiotapes, 100,000 images, and 3,000 artifacts. This collection is used to support strategic decision making, the IBM brand and the brand experience, marketing and communications initiatives, and internally-focused functions like human resources and legal. As IBM enters its second century of existence, the IBM Archives continues to stand as a source of wisdom, inspiration, and competitive advantage for the company's employees.



Image 1 –
Interior of the IBM Corporate Archives

Rooted in the Archives: The Contributions of Heritage to the Corporate Brand Experience

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1. Introduction

The choices a company makes in defining its brand can earn market respect and customer loyalty. Conversely, a poorly understood or defined brand can create confusion among employees and customers, and negatively impact the financial viability of a corporation. For today's corporation, therefore, the concept of brand is a critical one. According to noted brand strategy consultant Interbrand, one of the 10 principles of its brand strength measurement system is 'Authenticity' - the degree to which a corporate brand is soundly grounded in internal capabilities, has a clearly defined value system and exhibits a coherent heritage. Since authenticity is, at root, the sum of a company's activities and accomplishments over time, it follows that a corporate archives - which is the keeper of this kind of historical content - can help companies define their brand by providing authentic and compelling heritage proof points that demonstrate the essential characteristics of a company's brand.

The experience of the IBM Corporate Archives can offer some insight into this topic. In 2002, a change in leadership offered IBM the opportunity to set a new bar for the company. The bar that senior leadership set was for IBM to become widely acknowledged as a 'great' company by its constituents and its peers. As the company conducted research on what it meant to be 'great', it became clear to leadership that one defining component of being a great company was being a great brand.

So IBM embarked on a strategic effort to define the essential characteristics of its brand - to identify those cultural aspects that were timelessly IBM. As the Brand team conducted their research, one of the places they visited was the IBM Corporate Archives. The Archives housed a great deal of documentation covering more than a century of IBM history, and the Brand team spent a significant amount of time performing research in the collections, finding both inspiration and historical proof points of things that were authentically IBM.

As a result of this deep brand analysis, the company defined its brand as having these four essential characteristics:

1. Its enduring idea – Progress

IBM believes that the application of intelligence, reason, and science can improve business, society, and the human condition.

2. What differentiates us – Our values

IBM's values focus on what has timelessly been IBM – who we have been, who we are now and who we believe we must always be.

3. How we are primarily experienced – Through the IBMer

More than any other single aspect of the company, it's the IBMer who drives progress and our marketplace interactions.

4. Who we serve – The Forward Thinker

IBM manages the brand to be highly esteemed by our primary constituencies - clients, employees, communities, and investors.

An examination of the heritage roots of these four IBM brand characteristics will demonstrate one way in which Archives content can be relevant to current, highly strategic activities within a corporation.

2. IBM's Enduring Idea – Progress

As IBM's Brand team began looking through the company's history for evidence of things that have been timelessly IBM, one of the first things that caught their eye how deeply the notion of progress was ingrained in the company. In 1916, IBM's legendary President Thomas J. Watson Sr., instructed his salesmen that, "The future of this business, gentlemen, and our future success, depends to a great extent on the progress we make along the lines of development, and along the lines of expansion into new fields and into lines we are not touching today. ... We must progress and we can't do it any other way. We can not stand still on development work."

The emphasis that Watson placed on industrial research was both far sighted and far reaching. In the 1930s, IBM executives liked to point out that more than 90% of the company's revenue was generated by products that had been developed since this 1916 pronouncement. One of the company's first films, a corporate overview in 1935, was simply entitled "Progress". The company has employed five Nobel laureates and counts among its ranks numerous Turing, U.S. National Medal of Technology, and Japan Prize award winners. And in 2010 IBM spent more than \$6 billion (U.S.) on research.



Image 2 – A portrait of IBM's legendary inventor James Bryce watches over the IBM Archives library room

But for IBM, progress has never been just about technology development. For Watson, and the company, technology was simply a means to an end. The end was making the world a better place – for IBM, for IBM's clients, and ultimately, for society at large. One of the guiding principles of Watson Sr. from the earliest days of the company was to use IBM – both its products and its people – to make the world a better place. “I have often said that a man deserves no credit for making a living,” noted Watson, Sr. in 1930. “We must render service beyond thought of personal gain. I could not be happy if I were connected with a business which did not render a service to a large number of people. As I look over our organization and the records our men are making in 77 countries of the world, I realize that we are doing something to make life easier and more pleasant for a large number of people because of the service we render our customers. I am really astonished that we are not doing more because there is so much more we can do through the medium of our organization. We should not think in terms of money but in terms of service.”

The theme of progress for both the company and the world remained an IBM constant throughout the 20th century, for as Watson said in 1935, “The pioneers of today are building the progress of tomorrow.” That timeless aspect of IBM's heritage inspired the Brand team to identify progress as IBM's enduring idea, an essential brand characteristic.

3. What Differentiates Us – Our Values

One of the things that the Brand team was very interested in finding was examples of values at IBM. Today, corporations often claim to be values-driven. But claiming to be something isn't the same thing as proving it. IBM's heritage played a key role in demonstrating that this often intangible concept was indeed an essential characteristic of the corporate brand. One particularly impactful find in the IBM Archives was a 1956 memo from a long-time company executive. In this memo, written just weeks after Watson, Sr. passed away and in the midst of a scary, gambling shift in IBM's product lines, the author stated that IBM was in danger of losing its eternal values. This is a revealing comment, for it demonstrates that more than 50 years ago, IBM was not only aware it had an ingrained values system, it recognized that these values were, in fact, eternal. IBM first formally codified its values in 1962, six years after Watson Sr. passed. And they remained untouched for 40 years.

These values – solidified by nearly 90 years of daily practice by employees and management alike – were the historical context behind a 2003 revision of IBM's corporate values. Astutely, IBM's senior management reached out to its employees in an innovative online 'jam' to solicit their input on what IBM's core values for the 21st century should be. For 72 hours, more than 50,000 employees discussed the topic in an online discussion forum. Based on this feedback, IBM created a new values statement, one which clearly paid homage to what it had always meant to be an IBMer.

IBM's Basic Beliefs (1962)

- respect for the individual
- the best customer service
- excellence in all we do

IBM's Current Values (2003)

- dedication to every client's success
- innovation that matters, for IBM and the world
- trust and personal responsibility in all relationships

The company's long awareness of – and emphasis on – the importance of values provides a firm foundation for IBM to genuinely and compellingly assert that it has been, is, and will continue to be a values-driven company. That the revamped values so closely align with the company's traditional beliefs indicates that these concepts are in fact timeless IBM, and therefore form another authentic characteristic of the brand.

4. How We Are Primarily Experienced – Through the IBMer

As the Brand team looked at the totality of the IBM brand experience over time, they concluded that a key component of IBM's values was sharply focused on personal

relationships – respect, service, trust, dedication. So it shouldn't be a surprise that the primary way that IBM has interacted with the marketplace has been through its employees. Watson placed enormous importance on the ability of his employees to properly represent the company. IBM's legendary sales force was widely recognized for collectively looking the part of a great company – the sales 'uniform' was universal ... dark suits, shiny shoes, ties, and a hat. But IBM representatives were more than just a pretty suit – they were highly trained, deeply knowledgeable and incredibly dedicated to servicing the client. And Watson kept them that way through a compensation system that rewarded them handsomely for exemplary efforts.

But Watson didn't stop with the sales force. He wanted every IBM employee to be able to contribute to the success of the company – and to be able to speak for it. Watson saw it as the company's responsibility to unleash that collective employee power. In 1915 he introduced the mantra THINK, a one-word slogan that brilliantly established a corporate cultural trait that lasts to this day. In this single simple word, he captured the essence of what it meant to be an IBMer – a collection of individuals empowered with the freedom and authority to make their own decisions, harnessed together in the pursuit of making the world a better place. In 1935, Watson – in a speech to IBM manufacturing foremen – said, "I take more pride in the character of our organization, and in the way our people represent us throughout the world, than I do in all the other things that I possess or that we have in the company."

For Watson, one of the keys to empowering employees was education, and so IBM established its first educational program in 1916 as "a clearinghouse for the best ideas, suggestions, policies, and general knowledge of the tabulating machine business." Over the next two decades, the company's educational systems grew to include classes for every employee, be they sales, managers, engineers, or factory personnel. This focus on employee education was so deeply ingrained in the culture that employees created after-hours self-study clubs. By 1935, at the height of the Great Depression, he built the IBM Schoolhouse in Endicott, N.Y., a financial commitment that symbolized the cultural importance that IBM placed on constant improvement. This cultural trait extended across political borders to IBM's employees worldwide – by the 1930s there were educational programs in European and South American country organizations, and by the 1960s there were dedicated IBM education centers in Holland and Japan. At IBM, there is – as Watson was fond of saying – "no saturation point for education."

Today there is an ongoing discussion revolving around the activation of employees to

serve as advocates for the company in the constituencies in which they move – just as it was in Watson’s day. “Very few persons throughout the country have seen our factory, our School, our Laboratory, or our World Headquarters Building,” he said in 1940. “And the only way they have to judge the character of IBM is by the character of those who represent us.” That deliberate cultivation of each and every IBMer as an advocate for the company in look, word, and deed, has been and remains a timeless facet of the company’s brand.

5. Who we serve – The Forward Thinker

Technology companies invent a product or application, and then try to create a market for their wares. As the Brand team looked into IBM’s past, they saw this pattern replicated repeatedly.

Initially, it was incumbent on IBM to be forward-thinking itself, and Watson made sure that progressive outlook was part of the company’s culture. “Life is never static,” he said in 1932. “The only thing we can be sure of is perpetual change. In our times changes are taking place rapidly; today’s methods will not be suitable for tomorrow. It is the part of business leaders to determine the needs of the future. Tomorrow’s methods must be planned today. Constant and careful research is a necessity no less urgent than the regular flow of daily business.”

Watson set a forward-thinking cultural tone by positioning IBM to be an early adopter of technologies that sped up and increased the efficiency of business. The company was among the first users of the trans-Atlantic telephone in 1927, the R.C.A. Radiogram for transcontinental communication in 1929, a U.S. to Brazil radiotelephone connection in 1931, corporate movies in 1932, a world-wide employee radio broadcast in 1936, and trans-oceanic aerial mail services in 1940. He even appeared on experimental television broadcast at the 1939 New York World’s Fair.

By being forward thinking itself, IBM could anticipate, understand, and address the needs of forward-thinking organizations. The commercial spread of punch card tabulating equipment in the early part of the 20th century from government census work to railroad, manufacturing, retail and financial industries was based on IBM’s development of a deep understanding of these industries, and then working closely with these industries to develop tabulating applications that improved business processes and analytics.

To this end, the original purpose of IBM’s first training sessions in 1916 was to identify, share, and spread knowledge about how different clients were utilizing IBM products. But it also served as a collecting pool of ideas for future functionality and



Image 3 – The IBM Archives includes a large artifact collection, with pieces dating to the 1600s. Here, a central processing unit from a 1950s-era IBM 702 computer is featured in the Archives gallery exhibit.

applications. “Now, when you get suggestions, as you must, from the manufacturers and the merchants you come in contact with ... make a note of it, and send it here,” Watson Sr. instructed his salesmen. “Let these geniuses [IBM inventors] decide whether it is impossible or not. That is their business. That is why we keep them here, and we are willing to keep twice as many as we have here now, if you men will furnish the thoughts, and let them work out the ideas.” By spreading information about how IBM equipment was being and could be used by its most forward-thinking customers and salesmen, IBM would be able to better identify potential new functionalities, applications, and clients for its products.

Similarly, the impetus behind IBM’s participation in pioneering government projects like the U.S. Social Security program and large-scale scientific calculations during the 1930s and 1940s allowed the company to pilot and gain valuable expertise in new technologies and massive computational activity, expertise that the company was able to successfully leverage as it began to transition these computational technologies to forward-thinking customers in the commercial sector.

In the 1950s, the scary shift from reliable electro-mechanical tabulating systems to faster but unproven and more expensive electronic computing technologies required a leap of faith on both the part of IBM and the clients the company served. To spread knowledge about the workings and applications of electronic computing, IBM helped create the world’s first computer science curriculum at Columbia University in N.Y. in the 1940s. The company

sponsored numerous academic and professional computing symposiums in the 1950s and 1960s in order to spread knowledge of the utility and benefits of computers. Likewise, industry trade press publications in these decades trumpeted how companies in a wide variety of industries were pioneering the use of IBM products to improve business efficiency and increase profits, in the hope of enticing other companies in these industries to make the transition to the computer age. And in order to demystify these ‘electronic brains’ for the general public, the company commissioned noted industrial and graphics designers Charles and Rae Eames in the 1950s and 1960s to develop a number of movies and traveling exhibitions that explained the concepts and workings of this complex technology in easily accessible manner.

Today, in 2011, the forward-looking technology conversations center around using advanced technologies like cloud computing and real-life applications of artificial intelligence programs like Watson (the Jeopardy playing computer) that collect the vast amount of data in the world today, use increasingly sophisticated applications to analyze it in ways never before possible, and derive deep knowledge that will produce meaningful changes in how the world works. Still, at root, these are essentially the same data challenges IBM has helped clients with throughout its 100 years of existence. Because of this core business continuity, the company’s heritage is full of examples that amply demonstrate its willingness to engage with and meet the needs of progressive organizations who embrace technological change as a solution to their process and analytical needs. These historical proof points indicate that partnering with forward-thinkers is an essential characteristic of the IBM brand.

6. Conclusion

In conclusion, the meaningful role IBM’s heritage plays in defining the corporate brand demonstrates one way a corporate archives can contribute to a corporation’s current strategic activities. Archives content can strengthen a corporate brand by tapping a company’s history to provide authentic examples of essential brand characteristics. These heritage examples can help a company define and clarify its brand in both internal and external arenas. By providing these examples, a corporate archives can contribute to a framework around which a business can tighten its operational focus, improving both the bottom line and the value of the brand. This is a modern use of company heritage that Watson, Sr., would wholeheartedly support. “We are not satisfied simply with a review of the past,” he said in 1936. “We add to it our own vision of the future.”