

ESTEVEZ: Good morning. My name is Flor Estevez and I'm the operations manager and producer of the Greater IBM Connection. And this morning IBM, The Greater IBM Connection, as you know, is IBM's business and social network for former and current IBMers.

Today I welcome you to the first Greater IBM ThinkForum for this year and as you know the ThinkForums are exclusive events only for our alumni program members. We have a very exciting discussion on culture that will be led by two experts in the field.

And their names are Melissa Cefkin and Professor Gunter Dueck both with us this morning. And...

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Again, the ThinkForum is a thought leadership dialogue that we hold quarterly between noted experts in the field and it is our progress for delivering and one of the specific wants that the alumni community asked of IBM when we researched the components of the program.

This morning we are going to be hearing from two of our thought leaders here at IBM, and we'll also be learning about some of our fellow audience members in a number of places around the world. So let's get started with our

speakers. Ladies first. I want to introduce you to Melissa Cefkin. Melissa, say hi.

CEFKIN: Hello.

ESTEVEZ: Good morning, Melissa.

Melissa is a member of the service practices group of Almaden Services Research. This is a Fulbright Award Grantee with a Ph.D. in anthropology from [Rice] University, and is a business and design anthropologist with experience in research, management, consulting and specializing in workplace agnography, services research and plenty more.

She joined IBM in 2004, and here she's dedicated to pursuing a critical understanding of the intersections of anthropological practice within business and organization studies. So she's the perfect person to interact with our other speaker this morning.

She's also played a key role in the development of a practice-oriented methodology for application to various types of business issues.

Prior to joining IBM, she was the director of user experience and member of the advanced research group at [Sapient] Corporation. And before that she was a senior research scientist at the Institute for Research on Learning.

And this gentleman with Melissa....

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Now I'd like you to meet Professor Gunter Dueck who is our expert also for this dialogue with Melissa. Professor Dueck is with us from Mannheim, Germany, and he's one of our IBM Distinguished Engineers.

Before joining IBM in 1987, he was a professor of mathematics at the University of [Belasund] in Germany. And in 1990, he won the IEEE prize paper award of the information theory society for his theory on identification.

His fields of research include information theory in electronics, optimization and management theory. For many years he's worked at the IBM Scientific Center and he founded the Business Intelligence Services of IBM Central Europe. He is currently working in strategy and cultural change for IBM Global Services in Germany.

One of Professor Dueck's accomplishments at IBM is to invent IBM Bluepedia which many of us will be hearing about in months to come. And Professor Dueck is also known for authoring many satirical philosophical books on human management and life.

He is well known for one called Wild Duck, which is his nickname in Germany; [Misofee Supra Mania and Topo Tessia] and these are all under humane keeping of humans.

Recently, though, he ventured into a different realm and he has established a novel called [uncava] about vampires discovering the meaning of life.

Professor Dueck has an upcoming book called, in English translation, Parting from the Homo Economist, and he's going to tell us a little bit more about that later on when you will all have an opportunity to talk to our speakers one on one.

So, good morning Professor Dueck. Or, good afternoon to you. Gunter?

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DUECK: Hi, I'm from Germany. You missed the only English book I wrote, so this is [Lean Brain Management].

ESTEVEZ: Thank you for reminding me. You have a very extensive biography of accomplishments.

DUECK: It should be on amazon.com in a few days. I have it also. We have it in Europe already but it's on the

transport [time].

ESTEVEZ: Well, there you have it. Lean Brain Management of Professor Dueck.

DUECK: It's a very sarcastic satire on management without brain, you know, and it won the management of the year award, this is management book of the year, last year in Germany.

ESTEVEZ: Well, congratulations on that award.

DUECK: Oh, okay. But this one you can buy at least in the states.

ESTEVEZ: Thank you.

We also have Greater IBMers, because our alumni members told us they wanted to be part of the discussion along with these thought leaders. So we've invited a select group of members to join us live for this particular ThinkForum. And today we have three cities that are participating with us.

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And here are our cities. Bangalore is the first one. And Bangalore is host for this ThinkForum, we have an IBM employee and software engineer, soon to go on an international assignment. His name is Vasundhar Boddapati. And Vasundhar is joined by Jyoti Sahai, [Tapan Gar], [Savan

Kumar], Ram Chandra, [Rajiv Gusbani], and [Ms. Bani Mahesh].
And all of these guests of Vasundahar's are former IBMers.
Good morning, Bangalore, good evening to you.

BODDAPAT: Good morning.

ESTEVEZ: Good morning And all your guests are with you
and okay?

BODDAPAT: Yes.

ESTEVEZ: Terrific.

BODDAPATI: They all said good morning to you.

ESTEVEZ: Thank you.

A lot further west but an equally good climate, we have two
hosts and a third listening in from Mexico City. And those
are Leobardo Mendez and [Iliana Perez Vertee]. And both are
communications specialist in IBM Mexico.

And they're hosting a very special group of our community
and these are the new hires of IBM. So they have about 30
guests in two locations: one in Santa Fe and in [INAUDIBLE],
Mexico. And Leobardo and Iliana, how are you this morning?

ILIANA: Hello, this is Iliana. Good morning, everyone
from Santa Fe, Mexico.

ESTEVEZ: Good morning Iliana. Leobardo?

MENDEZ: This is Leobardo, we are from [INAUDIBLE] and
here we are with all the interns.

ESTEVEZ: Terrific. Thank you, [Leobardo] and Iliana. We hope it will be a very good morning for you. Your are [INAUDIBLE] group.

Our last group, last but certainly not least is all American and they're sitting at IBM's largest US site, and that is Raleigh, North Carolina. And this morning they're being hosted by Larry Phipps who is the managing editor of The Greater IBM Connection, and Kevin Clark who is a former program manager of our alumni program.

Larry good morning. I understand you have David Bunning, Jeffrey Wells, Greg Munster, [CONTINUES WITH NAMES]. Is that correct?

PHIPPS: [Gordon] couldn't join us this morning, but you're right and we have Mary Dowdall who has also joined us this morning.

ESTEVEZ: Well, welcome all and did Kevin make it?

PHIPPS: Kevin Clark is here.

CLARK: I'm here.

ESTEVEZ: Oh, good morning Kevin. Nice to hear your voice again.

So everybody, welcome. Bangalore, and Mexico City, and Santa Fe, for example, and Raleigh. We also have a special, special Greater IBMer who is [INAUDIBLE] reporter of all of

our activity, and is a very active moderator of the community, and that's Debbe Kennedy.

And she's joining us from Palo Alto, California. Good morning, Debbe. Okay, Debbe isn't here. So now we know everybody is on the phone and Ethan McCarty, the program manager for the Greater IBM Connection is here with me in New York, and I know he's smiling because he wants to say good morning.

MCCARTY: I just want to say good morning. I'm so delighted to see all the faces and all the names and hear all the voices. I can't wait to [INAUDIBLE].

ESTEVEZ: All right. So everybody please once again remain on mute until we get to, you're prompted [INAUDIBLE] a question as we go along. So let's get, jump right in and talk about culture.

We know that the word culture has a variety of meanings and that some of those meanings can be very personal. And for some, culture refers to some sort of qualitative appreciation of literature, or music, art and food.

But another realm, like biologists, for example, may think that it's just something in a Petri dish. This morning we're going to start our discussion from an authority,

anthropologist and behavioral scientist, have a specific or a set of specific definitions of what culture is.

So Melissa Cefkin is going to start us off. Melissa, how would you define culture? What would you say composes it and how does it endure?

CEFKIN: Good morning, again, everybody. And Flor, thank you for arranging this conversation, and thanks Gunter for the conversation we've already had and what I'm sure will be lively.

As Flor has said, of course there's a variety of ways of understanding and thinking about culture and in fact, I'm going to take you through a little [service story], I'm not going to answer that question as directly as you might like for immediately, because the very reason that you mentioned.

You know, the meaning of culture means different things to different people. But it also tends to be something that we call on and speak to very comfortably. We have referenced it a very commonsensical way, and it's a very useful and powerful notion in most places around the world for sort of referring to things that go on amongst each other, ways of understanding people.

So today, my intention is actually not to provide a

definitive definition myself, and I'll tell you a little bit why that is as we get going.

I am a scientist of culture; I'm an anthropologist, and I believe very deeply in the very profound power that the notion of culture has. And around the world I think we see that we often make really significant choices about how to proceed and what to do in life based on our assumptions and ideas about culture.

So rather than provide the one definitive definition, though I will lead us towards the kinds of definitions that I favor and that most anthropologists these days favor. I think it's important to look at that [INAUDIBLE] assumptions that are made about it are what drive much of what happens in the world.

So if we can go to the next slide. I want to start with a definition that once the slide comes up you'll see at the top of the page. And this is a definition about culture that I would just...it's probably going to sound pretty familiar and common to many of you. Is the slide coming?

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This definition of culture defines it as that complex whole which includes knowledge, belief, art, model, law, customs

and any other capabilities and habits acquired by man as a member of society.

Now I'm betting that for many of you that sounds like a pretty good definition. It's pretty extensive, it's everything from beliefs and knowledge to specific things that we can almost point to in society such as laws and practices, art, things that happen and are created out there.

And it conveys a lot about how people think about what culture is. So for example, some of the very mundane and simple daily things that we have to encounter. As Flor mentioned, I am an anthropologist, and when I was getting my Ph.D. I did my research as a graduate student in Turkey.

I spent a year in Turkey studying some particular topics, but along the way I had to learn, for example, that pointing the bottom of my feet at other people was considered rude.

And of course, as an American, we often sit with our legs crossed and put our foot over our knee and sit in ways that, it hadn't ever dawned on me to have to think about that.

I had to understand when I entered a room for a special gathering, for example, what was the appropriate and respectful order in which to greet other people because if

those sorts of things have special meaning, cultural meaning in the Turkish context in a way that they didn't in my own American context.

When I joined IBM, I found that something that I had previously understood to be rude and a sign of inattention which was listening to others while having a laptop open and maybe even typing away and multitasking during presentations. For all I know half of you have laptops open right now. This is very normal and in fact reasonable and expected activity in IBM.

So those are the kinds of things that when you look at that first definition it conjures up for us. I do want to point out, though, that this is a very old definition. It comes from 1874 from [Edward Tyler]. And it's a definition that typically [answered] in their anthropology classes if they take an introduction to anthropology class.

Well, since the time that Tyler wrote that and he wrote that based on pretty much a single theory outside of his native England where he encountered sort of native peoples in other places, there's been a lot more work done and a lot of anthropologists have gone much deeper into the practice of the study of culture.

And so as early as 1952 -- more than 50 years ago -- a book

was compiled by two very prominent anthropologists from the University of California Berkeley, and at that time, they compiled a book that indicated 154 different definitions.

Again, that's over 50 years ago. So even among the culture specialists, the anthropologists, you can only imagine how many definitions that we'd have to compile into a book now.

One of the key developments that occurred as we continue sort of through the history of anthropology was greater focus on human beings as symbolic reasoning animals. This happens in culture in some ways with the rise of cognitive science and greater brain studies and all that, where we began to look more at the way in which human societies used symbolic reasoning and forms of symbols as a way of communicating and again making meaning.

So, a very popular definition of culture these days that I think would be still commonly quoted and used by many people is this one on the bottom of the page by [Clifford Geert].

He writes, the believing with [Max Saber] who was a German...Austrian, excuse me, philosopher, and considered the first sociologist, believing with [Max Saber] that man is an animal suspended in webs of significance he himself has spun. I take culture to be those webs, and the analysis of it therefore not an experimental science in search of law

but an interpretive one in search of meaning.

So in other words, culture was the way that people made sense of and constructed meaning for their lives. This reflects a strong view that cultures are made, that they're formed through interaction rather than having inherent dimensions.

So one of the fun things that he does, he's a wonderful writer, if people have not read [Clifford Geert], he writes in essay format and so you can read just 20, 30 pages very often and get a feel for things.

But one of the things that he does for example is he unpacks, he exposes the play between an eye twitch or a wink. I don't know in other cultures or in other languages the words for these, but of course when your eye sort of twitches he does a quite fun play on understanding...

...how is it that we interpret whether somebody had a physiological reaction to something and their eye just twitched, whether they're winking at us, and if they're winking at us what might that mean? And then all the different kinds of meanings that it can carry.

So in this sort of definition, the symbolic realm that people occupy is what sort of defines their cultural

boundaries in the world that they live in.

So as the science of anthropology has developed, anthropologists have, as you see, begun to sort of advance and try and get more specific in that broad definition that Tyler still first provided.

And a lot of this is really because of the deeper, more extensive engagement that not only anthropologists were having globally but that all of us, all of society, was finding much more inner penetration through the media if not directly through encountering other people, institutions such as IBM and other organizations traveling around the world.

So as more and more of this was happening, of course, the sense that culture provides an order or a logic by way of which we make sense of the world was increasingly being disrupted. So a very interesting case that IBM and other companies like IBM are sort of helping prompt, and a dynamic that they're helping set in motion right now which is interesting, but specific to this encounter with culture, is something that we find in India...

...where the interaction between, say, IBM and companies like it, by coming in locally, the employment structures are intermingling with traditional caste structures in some very

specific ways that might have very a profound effect on society and the ways that people experience it.

So specifically if I understand correctly, it's typical to find in software development practices that the members of software development tended to be of the sort of more, the upper classes, the brahman classes, whereas employment in call centers tended to be more varied. You would have a mixing of people from different kinds of castes.

Now, again, what this will do in that cultural setting and what it will mean to IBM and other companies as well as these changes continue to sort of transpire, becomes directly a matter of policy, a matter of concern for governments, how this needs to be handled, and of course will have an effect on what happens in the everyday work environment.

So by now it should be clear that the sort of neat and clear definition that Tyler provided at the beginning is maybe one that needs to be a little be re-thought. Culture is not only in the things that Tyler pointed to such as habits and beliefs, but it's something that's dynamic and changing.

So if we can go to the next slide. So what does it mean to think of culture as more dynamic and changing? When we get to the next page you're going to see at the top a series of

questions that a colleague, a contemporary of mine who works in Google Corporation in Zurich has written.

And he asks the question, is culture simply something difficult to pin down, slippery but tangible, or is cultural inherently shifting and illusive yet perceptible, emerging ephemerally out of time and place bounded contextuality?

So this kind of question about the emergent nature of culture is the one that you're going to see sort of picked up again in the two quotes that follow as well, trying to understand how do we get our arms around or think about culture when we see it from the get go as something more emergent.

[Apotereye] in the middle quote, [Apotereye] is based in the United States, that is a very prominent anthropologist for the last couple of decades, points to specifically to the question of difference. You know, culture comes up very often by way of defining difference. You know, IBM is different from, here's the way that it is different from Microsoft or Google or Yahoo or EDS or any other sort of corporation.

We try to put sort of boundaries and definitions. And what [Apotereye] is reminding us is that those differences are not fixed, they're not categorical that we can absolutely

say in one way or another but that we recognize those differences by way of that they're differences with each other, they're relational, the differences are relational.

And finally, and I'm going to wind up here pretty soon, but in this exploration of culture and where we've come in the science of anthropology, how we've come to think of it, this quote by Michael Fisher at the bottom of the page again says a very similar thing.

Culture isn't a variable in the way that you can in organizational context or whatever just plug it in and say, well, we have to know the culture and then we can operate against the culture or with the culture in X, Y and Z ways, but rather again it's relational. It comes up in different ways at different times depending on what it's in response to.

He also reminds us that while individuals have a profound role to play, it's not always in the conscious control of individuals. And I think, and maybe and [Gunter] will carry on in conversation to ask some questions about what can an organization or should an organization do in thinking about managing culture.

Is that really something that's possible. So I want to wrap up here. I realize that the views on this page are maybe a

little bit difficult to grasp and maybe not exactly how you have been or even want to be thinking about the notion of culture.

And you may be wondering what this really has to do with IBM or people in their organizational lives. And I just want to say that for me personally, I view these definitions as tremendous hopeful and very helpful views on to culture. By learning to view culture as something that's more emergent, we can begin to recognize it really as a resource to all of us.

And I think, I invite especially the group of new hires in Mexico, to really be able to consider themselves as active members already in the IBM culture because what you bring in and where you come from has, as IBM as a culture needs to adjust and will adjust and adapt and bring in what you have to offer.

So I think that it's a very hopeful view that sets us into a mode of being more kind of experimental in thinking with this notion of culture as a profound resource to us. So, not, Flor, I know you said, so what do I think culture is -- that was a long, long answer but hopefully it provided things that we can come back and discuss.

ESTEVEZ: Well, Melissa, it's perfect, because it really

broadens the frame through which we can start the discussion. There were a number of little ties that I'd like you to come back to when after Gunter has told us a little bit more about culture when we're speaking about organizational structures like IBM.

But you left us with a really terrific [follow] for Gunter, which is managing culture and how culture is shaped in relationship to management. So, Gunter, would you like to take us through, what are the factors that are related to IBM that are cultural, and which of these do you think is important, and how do we look at it or define it generally?

DUECK: Okay. Yes, I'm working in IBM culture, and I wrote a full book on the human behavior and economics. I wanted, the first title I wanted to have for my publisher was [Basic Instinct], like the film Basic Instinct.

My claim or my feeling is that the culture...so the behavior and the beliefs are changing according to the economy outside. So I'll give you some examples. If a company is going up, then people are the most [worthful] part of the company, or innovation is very much important when a company is going up. You see that in Google.

But if a company is very big and struggles in hard competition for a long time, say all the banks, all the

insurance, all the telecoms, all the big IBMs, then in this case they begin to fight against each other and they suffer from a kind of suspension or interruption of their culture. They go into kind of aggressive mode, and under stress they are behaving a little bit different.

And I think IBM entered a hard phase since 1994 when Lou Gerstner came, and Lou Gerstner always said, stop bleeding, just do something, stop bleeding, then the culture changed a little bit to stress and aggression a little bit. And we are now on an upturn now and reinventing ourselves. So this might be an abstract what I have to say.

IBM's culture, if you think about what IBM's culture is or should be, then I made a list of words just from a quick brainstorming. When we think of IBM, this is innovation, it's very openness, we can discuss in our company everything.

So it's, when I go to customers, to banks, say, and they say, this discussion here is forbidden. So no one is willing or daring to say something. IBM is very open, very globally thinking. We do a lot in diversity, much more than in any other company.

IBM is correct, we are very reliable, very credible. So if IBM is a person you would like to have it as a son-in-law,

say. IBM is very serious, beautiful, process oriented. And it has a strong feeling for responsibility for the world and for our customers.

IBM is equal to excellent in some sense. It's very scientific. It's great, great IBM, Big Blue. Bellwether company.

And I think many people in the management say the biggest cultural asset of IBM is the IBMer, whatever that means. Maybe there are also 260 definitions what an IBMer is. But many of us know what the IBMer is or especially was.

And many of us remember that we had respect for the individual, so if someone should describe IBM's culture then he would say the culture is the IBMer, is the IBM, the belief in IBM and respect for the individual.

And of course, we know that we have some drawbacks. We say IBM is hard to deal with, IBM is very complicated. That's what the customers say. And they have slow processes, and to get to the contract, or an opinion, or a price, it's a very slow process. But in the end if you have one, that's it. You do not renegotiate that so that you can stick with it and trust them.

So that's what I made in a brainstorm. Maybe you have a

different feeling, but I think we have a pretty common sense what IBM means.

What I see in say 10 years of stress and over strain in IBM because of the global changing environment we had good...we had a disaster in IBM in 1994, nearly we had losses, then we escaped from that by the era, by the 2000 [back] where we had good business for two years, 198 and 1999.

And then we had the Internet bubble, the September 11th, and we are struggling now with all the competitions. And I think we are reinventing ourselves now and going to India, to China, to Brazil, Mexico and other countries. And I think we will have this new Google culture there from the bottom.

I hope so. I've never been in India, and maybe you can comment on that after my comments, how you feel IBM's culture in these emerging countries, and maybe you have an emerging culture, too.

What I feel is there is a big difference between the proclaimed culture or an espoused culture or a culture what we want to have and a culture what we live day by day. I think we have still the IBM culture, like in China they have the culture for many, many centuries, and of course they had 60 years of communism, and now they maybe come to the old ancient culture back again.

So what I want to say is that there is, culture is changing day by day or month by month or by the centuries or decades, but there is I think also an internal continuous stream in those cultures.

And I think the IBM culture is characterized by the IBMer, I think. And if you look at today's cultures we say, we very often say that our greatest asset is the IBMer, or our greatest asset are the people, but we have a lot of downsizing and blood and tears sometimes.

And we don't feel day by day that we are the most worthwhile asset; we are just a block of cost in some sense. And I think this is a sign that we are in a deep over strain and stress phase, and we are always saying we do not do what we say, we do not execute, we do not walk our talk.

And I think this is a sign of stress, so we forget for some months or a few years what we really are. So it's kind of an emergency mode. And I think the theory is that like Melissa or at the university, it seems that the culture is changing very much, but I think we [like] humans being we have a normal mode, which is of high culture and kind of stress and overstress mode which was a lower culture, which is more to the back to the animal. Animal mood, I think.

And I think we have in IBM this up and down, and we always keep the up. So in our executive speeches we always say we are the innovative company, we are for excellence, quality, science, great, et cetera, but in the daily workforce, some stress years we have interrupted that a little bit.

IBM is now in a globalization phase. We have this cost cutting. We are shifting the work to Asia, to South America, Russia. And of course this is some pains. In Germany, I think we went down with our workforce by 20 percent in the last year. So it's not easy.

So we have this, we get from this transition phase, we get kind of some years lack of confidence. We try to win at all costs. We have some mistrust rivalry, power thinking, short-term actions. That's what we are suffering from when we discuss our IBM or beloved IBM in front of the coffee machine.

We suffer from tough negotiations, aggressive reviews, compliance problems, quality problems, et cetera. And this is what I meant with the initial buzzword basic instinct. So we have some good phases and we have some bad phases. I think we are going to the good phase again. And I think we will be earlier in this phase in India, say, and in China, Mexico, et cetera.

A theoretically high culture, you can hear that in the church. Jesus would say that. Preserve your high culture in all times but if the economy is very hard we cannot do that. So it's not, we could hope to have our highest culture values all the time, but the reality means that if the economy is very tough, we are going down, I think, in our culture.

What you hear from Sam Palmisano since three or four years is the IBMer our greatest asset. And everyone says I heard that from Sam Palmisano sometime, several times in speaking, listening to him when he was speaking at the IBM Academy that is really his authentic wishes to have IBM as a great company again. He means really again.

So he's not really satisfied with the cultural situation of the IBM now. So he wants to have a great company again. And if you listen to Nick Donofrio, for many years he's pleading for a return to our true culture and that we come away from this distrust and the stress and especially the mistrust.

And Sam and Nick say they experience that if we have too much stress in the company, then the complexity is growing for the management. So because people are fighting against each other, we have a lot of problems in relations and trust and in power fights, et cetera. And then we have to manage the complexities in terms of compliance and reviews and all

these things, and quality assurances.

And now if you have too much stress, then the management of the stress is much more expensive to return to the high culture again. And I think that's what we are doing now.

You have heard maybe that we have in some years we have true cultural values from the ValuesJam. This is Innovation That Matters. Trust and responsibility in all relationships and dedication for our customers' success. This is a deliberate strategy from our management to change the culture to higher standards again and to give up the complexity from the stress.

And we see that also in the change of the leadership competencies. I worked several years in some broad groups. I sent my books on trust to Nick Donofrio. And I was a little bit involved in changing the leadership competencies with the [Hay Group].

And what you saw in the tough times, then we had management competencies like straight talk, decisiveness, and these are more hard competencies and now in the new leadership competencies you also find earning trust or managing trust in teams.

And one thing now is not pace setting managers but more team

oriented, trust oriented coaching, mentoring and affiliative managers. And at least in Germany I can tell you we made a complete reorganization in terms of the Customer Value Initiative, CVI.

And we chose a lot new management positions or managers for the customer facing positions and they have been deliberately been elected according to the new competencies, so we chose managers with coaching, mentoring, affiliation and customer intimacy attitudes.

So I think IBM is actively managing the return to the high culture again. What we also see...so that's my opinion. Maybe you would, I'm interested in what you're saying from India and Mexico.

ESTEVEZ: Gunter, you just led to a perfect time in our watch of the clock.

DUECK: One minute more, please.

ESTEVEZ: Okay, then we do want to hear from our audience members because they want to talk with you.

DUECK: I think the big IBM has changes a little bit. IBM becomes more open in the bits that they are local cultures. So the early IBM they wanted to have, I think, worldwide uniformity. So everything is like in the U.S.

And I know, because I'm a German and we have a little bit different than the U.S. people. The U.S. people in psychological terms are very excited, psychologists would say hysterical or histrionic and the Germans are more in the obsessive compulsive things. So if you have something new, the German would say, is it necessary? And the Americans hate that because they are excited to have something new.

And IBM changes now to admit that we have many, many different cultures, also local cultures. You'll see that we, 10 days ago we wanted every country to have a local chief technologist, a real face, because we saw even innovation had a local face. And we should have a local culture.

Today in the Internet there was an interesting article. There was a question, is IBM more U.S. than Toyota Consulting Group? And they said IBM has only 30 percent of its profit in the U.S. and Toyota Consulting, the Indians, they have 70 percent profit in the U.S., in the United States.

And now we have to think about what IBM's global culture is, and maybe if we are in the next decade we're more Indian than American or something, I don't know.

And the basic question is, should business follow the

culture or other way around and I will maybe.... My credo is, my belief, and this is my motto to live. My motto is do what you love. The money will follow. Okay, this is my culture.

ESTEVEZ: Thank you, Gunter. And, again, this is a good opportunity, I want to invite Bangalore -- Vasundhar and your guests -- as well as Raleigh: Larry and Kevin and you all there. And Mexico, we definitely want to hear some of the thoughts of the new hires and the interns that are with you.

Melissa and Gunter are now open for questions. And I want to bring one that wraps a little bit what they both spoke about and then perhaps you can all join in and help them in this question. So Melissa and Gunter, can we then say that the culture is indeed organic or in like IBM Gunter sort of thinks that culture is something that exists.

Melissa, you were more of the belief that culture is something that's organic and developed and adapts. What is the IBM format? Are we rigid? Is it static? Is it something that imposes itself, or are we finding that even now in these emerging countries where IBM is doing greater business in that it's flexible.

CEFKIN: I'll go ahead and say a little bit on my view

on that. Yes, as you described, my opinion is that culture is very organic. And on top of that as sort of the exploration through definitions that I took us through would suggest, where you put the boundaries of what's cultural and not cultural is also something that's not particularly clear.

And in fact, I think most anthropologists would feel that in some ways all those things I think what Gunter has laid out is very true in many ways about some of the ups and downs and changes that get regulated or guided because of the economic conditions.

But the economic conditions themselves also emerge from and derive out of different cultural practices and attitudes and expectations around things like control and authority, and expectations about progress and growth. All of those are cultural factors themselves.

And so we, it's not that there's the economy on one side and culture on the other. But they're very much intermingling kinds of concepts.

So I think that IBM, my personal view is that IBM have shown itself in fact to always be a very emergent culture. It's gone through the phases as Gunter has described, some ups and downs. But it's come out. It survived in some very

interesting ways and changed shape along the way. And I think it has the potential to continue to do that.

But that might be different than the expectations or desires of some people in the company including the leadership who very much would like to think they can be in control of those things.

And that's where I think we have a question of how much can culture really be managed and controlled. I think if the answer is it can't very much, does not mean that you throw up your hands and you don't do anything about it.

You still try to encourage certain kinds of behaviors and ways of being. But needing to do so in a way that is very open and adaptable and flexible for all the changes coming in. And I think IBM can do that.

ESTEVEZ: Vasundhar, what does your team think? What do you have to say about IBM and its changing culture and adaptation or not in India?

BODDAPATI: Actually, I have one question here. All cultural changes in whatever organization you see are preceded by some kind of downfall. So if the business is good and things are good, can really culture change for improvement.

ESTEVEZ: Melissa and Gunter, which one would like to take that?

CEFKIN: I'll just say something briefly. I imagine Gunter might have something to say there. I would say we might want to challenge that view that culture only changes following the downfall.

Again, I think if we look at some of the quieter and less perceptible actions and shifts and things that are going on, then I think that we would identify that there is culture change. And we were growing into India and globally around the world, Brazil and other places, before the changes of the early, you have the fall of the dot-com, the early 2000 economic changes. They might have been in part pushed by the changes of the 1990s.

But these things are continuing to sort of migrate and change. So I would question the premise of that IBM saying we need to look, it's important to look at some of the more subtle and mundane factors to find and identify where change is happening all the time, actually.

ESTEVEZ: Gunter, some thoughts?

DUECK: So I have a big theory to that, that maybe

there's a notion in the economy of base innovations like the invention of the car or the invention of the computer and the Internet. And this causes long waves in the economy.

And if such a cycle starts like the Internet, then you have this boom or cold rush and at the same time the end of all the old industries like banks, insurance, telecoms, these are struggling.

And then you have follow down of the whole culture because everyone is fighting against each other and it is a fighting culture. And then all the managers say win, win, win, make shareholder value, grab the money, et cetera.

And if you have this downfall, then you have a kind of downfall, and then the new era of the base innovation starts again. This means that maybe from five years from now we will have than infrastructure boom all over the world, because in India and China they make the real infrastructure.

In the older countries we will have an electronic infrastructure. Everyone is online. Everything is there. And we will have maybe an economic boom for 20 years, and then all the cultural higher values will come up again. I think.

So if it's going down, then you say win, win, win. And the

world is Darwinian, and everything is about survival. And if you are starting again with a new technology, then innovation is the best. And people begin to believe in God again, not in Darwin. So I think there's an up and down and it goes every 20 or 30 years with the big inventions in the industry.

ESTEVEZ: Okay. You guys heard that. [Leobardo], I see that your team in Mexico City has a question or a comment. [LEOBARDO]: Yes, we have a question for one of our interns. He would like to speak for himself.

ESTEVEZ: Absolutely.

QUESTION: My name is [Aronn], I'm one of the new interns here in Mexico. It's a comment not a question. It's very big change of culture when I'm entered here IBM. That kind of comfort, because this is the first time in my life that I have one of this. I'm very glad to have it. So that's it. Thanks, everyone.

MCCARTY: That's a great comment. Thank you for that comment. This is Ethan McCarty. I have a question for Melissa. I'm wondering how you differentiate or draw similarities between a company's -- not necessarily IBM's, but a company's -- culture and a company's brand.

CEFKIN: That's a great question. I also want to say

thank you to the question before as well. That was great to hear. You know, I think that, and I know we have Kevin Clark on the phone and of course he could speak tremendously to this as could others on the phone.

I think that the brand is a very interesting way in which both the actual and often the aspirational aspects of sort of companies and how they operate and what kind of company they project themselves to be and want to be are projected and represented into the world.

But of course, brands aren't in control fully of the companies either, right? They come about. They have meaning and they exist because of how people in the marketplace encounter them and what they do with them.

And so that's a really great example in my view of the way in which culture is very much relational. It's not purely within our control of how we want to manage things or view things, because we're not fully in control of our brand. So I view the brand as both a kind of representational and a reflective meter back to ourselves about kind of how we are viewed and sort of the sense and feelings about how the organization operates.

Of course, it doesn't express or represent a lot of the guts and the inner workings of exactly how are things organized

and those sorts of things but it instead points to more the feeling the general sensibility around the culture.

DUECK: So maybe I give a comment. I heard from a consultant company now, the name, brand is kind of emotional construct, what is to be defended in the market. So that companies start to make some artificial brand and every employee has the duty to talk about that in this way. So you make a choice for what the brand is and go with it into the market.

And I think this is a very dangerous thing to do because you lose the authenticity in the game. And you should build up brand which you can really feel psychologically and not make a pure invention of a brand.

CLARK: This is Kevin Clark in Raleigh. I'll just chime in and say that [authentic] brands are derived from both the history of the company, what the company really does well.

And when the employees live the values that the company believes in and that's grassroots expression based on many years of common belief and behavior, then it feels authentic.

We're clearly on a journey. I would say that the IBM as a valued brand is still the most, the third most valuable

brand in the world. [INAUDIBLE] brand says it's \$57 billion, which is good equity in the bank for us, and we want to continue to use both our values as an expression of the way for employees to live the brand and for that to evolve over time, so that we continue to be relevant in the marketplace.

I'd also say in the context of culture, that this is a valuable business tool. As we acquire companies and we do outsourcing deals and bring other people into IBM, we need to pay attention to their culture and how they become part of our company.

And I know that we pay more attention to that in recent years. So this is not just an exercise in something that's nice to do; it's vital to IBM's ability to compete in the marketplace and to have an effective workforce.

ESTEVEZ: I know that both Gunter and his folks in India have a comment. And I just wanted to ask of all, and Vasundhar, especially in the countries, so Larry, Mexico and Vasundhar especially.

Gunter talked about how a strong culture is one that looks to develop as IBM is doing now the local cultures. Are you experiencing that in local culture definition you are considered or treated better or as a subculture?

NAMBIAR: Actually, we said it; we were about to say the same thing here. We have a large development testing production team here compared to the other geographies.

Not only in IBM, even in many development companies we have multiple teams where the team lead will interact with customers or with the higher ups. Similarly, the senior managers all know the culture, how to mix and match.

The sub teams, they are very comfortable with the local culture, so they are given that freedom to mix it to deliver and it helps the team as well the team lead to organize this.

This is an advantage here where the sales team are comfortable with the culture they're not customer facing or multiple country geography facing team. The team lead will take the position and fill in the gap. So it does work very fine in India.

ESTEVEZ: I just want to acknowledge that our commentator is Subash Nambiar formerly with IBM and is currently with Oracle. You can hear once an IBMer always an IBMer. Mexico, I think you had a comment to make.

FEMALE SPEAKER: Yes, we had a comment from one of the interns.

[JUAN CARLOS]: Hi, Flor, this is Juan Carlos. I have a comment about our Mexican culture. And my comment is that we used to have individualized culture, but in the past 10, 15 years we're starting to change these things because at school, at high school and universities, we are focusing now in teamwork.

And I think this is a great opportunity for us here at IBM in which we can continue to developing this ability that we are learning from school and now from the real business and this global business.

ESTEVEZ: We're so excited to have you be part of this call and just to know that this is what hopefully you'll get a lot of at IBM. It's a lot of big thoughts and expansive ideas. We're coming close to the end of our call, but Debbe Kennedy has been very, very quiet out in California. Debbe, we'd love a comment from you.

KENNEDY: Can you hear me?

ESTEVEZ: Yes.

KENNEDY: First I wanted to thank Gunter and Melissa for this. This has been really interesting discussion.

One of the things that came up for me in listening to you, and I'd be interested in hearing your...I have both a

comment and a question. Interested in hearing some of your, the signs that you see of this emerging new culture. And I was going to share a couple that I've seen as an outsider. I was with IBM 21 years.

I went through the big culture change back in the nineties, was actually part of helping to begin build that change at the time. And I've been out on my own since and work actively now in Greater IBM.

But there's two signs that I've seen, some that remind me through the comments you made earlier of where we were at that time, which we spend a lot of time looking at a lot of doors that were closing instead of really seeing what was opening up for us as a new culture was emerging.

And we really got to a point where you could see that the real choice was jumping to a new phase of growth, a new way of doing things.

And that's the thing I see now coming back into it at this time of dramatic change. I've seen two real signs of renewal and I'd love to know what you see.

One is the Global Innovation Outlook, where Palmisano talked about how IBM has always been so insular in the way that they looked at innovation.

Now they've started this new thing having these deep dive conversations with people of all different sorts and types all over the world helping to shape what the future of innovation across all of the different possibilities will be.

And that's a very different IBM than I remember, of them being able to be outward looking and touching other people and listening to what's going on.

I think another symbol that shows within our whole culture is Greater IBM. I think it is one of the most fascinating experiences to be able, for all of us to join together and realize that our various talents across distance and also whether we're past or present has a chance to be able to shape this new future.

And a couple of examples that we've seen recently in events I've done, one was with our first women's Greater IBM Women's Leadership Forum. The very first time that seven countries, women coming together, we didn't know each other and within an hour and a half we found that common ground of the IBM culture, right there in front of us in an online meeting, as we're doing here today.

The second one is even with a group of very different people

not coming together about women's leadership but men and women coming together just to talk about blogging and how we can use that as a tool to communicate with the world and the interest that was there. We found the same thing with 11 countries I think we had the first time.

So those are some of the signs that I see is that this whole idea of us coming together bringing past and present together to be able to build a new culture, this new time that you discussed.

I think Gunter you talked about that we're really trying to get to that, to preserve our highest values as we want to be able to, one, create that good culture again. And I'd love to know what signs you and Melissa see or other people, too, what are the signs of renewal that are coming to life.

ESTEVEZ: Melissa and Gunter?

DUECK: Yes, I see much more. Thank you for the remarks. I would even love to have large committees to meet with people from, say, SAP Oracle, Sun, whatever, to discuss the future of the whole country. So I would like to found those, maybe Silicon Valleys.

In Germany, we could think about digital contracts, about electronic elections and building all these necessary infrastructures for the future. And I think we could have

together enough business, business for all these companies, we just to have to open up by discussing new infrastructures.

And if we have kind of a consensus or conjoint meeting we can step up much faster to a future we really want to have. And especially in Germany, we have a lot of very lengthy and slow infrastructure discussions, and maybe we are waiting for India that they solved the problems for them and then we adopt that.

But we are nearly lethargic or very, very slow in those discussions. And we should work together over the whole branch or the whole industry for those innovations to come.

ESTEVEZ: Melissa, in your four years here, some of these signs that Debbe has talked about, can you name a few more?

CEFKIN: I think I can. Although I will say it's funny because I have been here just about four years that for me to.... I'm not sure if it's renewal, because of course I wasn't part of what came before.

So I don't know if we're going back to something or if it's something new. And for me, of course, it's not important to view it as going back to something from the past, because I can just look forward to the new future that we have ahead.

So maybe what I'm going to point to, there's one main thing that very much came to mind with your great comments there, maybe it's renewal or maybe it's just sort of new direction and new development.

And what I point to is actually the way I got here. I'm a member of the Almaden Services Research Group that was founded maybe five, going on six years now. It started as a very, very small research group to look at the service dynamics.

And in the story that I was told before coming to IBM, the origin myth, if you like, of our group, was that when IBM was in the good old days of the mainframe and early days of the computer industry, that to provide a basic science, again, this is the Research division....

To provide a basic science to the company to help spur new development and all, we needed the kind of scientists who could look at the things that dealt with the properties of hardware.

So you had scientists that were chemists and physicists and any number of other scientists as well, but those who could deal with the physical properties of hardware.

Then you had the software revolution. And with the software revolution, the Research division had to ask itself, how do we best support in terms of the scientific domain what a company is currently growing by and where a lot of the focus is.

And so that's where the sort of strong intention to computer scientists came from. And so then the Research division started to be populated by a strong number of computer scientists. And people who had those sorts of computational interactional human design computer design interaction, those capabilities.

Well, a while ago, about maybe eight years ago or so, IBM started to recognize, well, look more than half of our revenue and more than half of our employees are involved in the services area. They're in outsourcing and consulting and applications maintenance, things like that.

Well, what are the bases of services and what kind of science and scientists do we need to support that data. And they said well services are fundamentally about the provision of the transformation of environments through the participation of people together. It's about things that people do for each other.

Now, very often the people use or heavily augmented by

technologies and tools. But it's an ongoing interaction between a client and a provider to make something, to support a particular set of processes or activities that last over time, some duration of time. So we must need people scientists.

And that's how I as an anthropologist ended up at IBM and some of my colleagues in my group, we're a small social science research group, and I think that in general the services mindset, the greater attention to and exploration around what are services really.

And it starts to become, those who are involved in the science services recognize it starts to become very complicated that a simple difference between a product as something that you can go somewhere in the mythical retail store and take a shrink wrapped object off the shelf as compared to a service, which, again, is something that's enacted. It's performed between people. You know, it becomes more complicated than that.

But I think there's a mindset that goes with that about providing helping recognizing the dynamic and changing the nature of relationships that one has to have to keep things running, to provide the service that you've promised.

And so I think that we've now moved from when I joined about

nine, maybe 15 people focused on research and services to much larger group here at Almaden. And company wide, a much larger, something like 500 people in the Research division focusing their efforts around the services sector.

And then of course, the thousands and thousands of people in the company who think about this, who live a service mindset on a day-to-day basis. So I think that's something else that I would point to as an exciting phase of growth and opportunity.

ESTEVEZ: Debbe, are you satisfied with some of those points?

KENNEDY: I think that's great, because even when Melissa talks about it being something new, I'm kind of in that school, too, that this is perhaps a renewal of the good from the past of the strength of the values that Gunter talked about...

But also, the beginning of a new phase of growth and there just isn't anything like being visionary and forging and struggling to get to that new repeatable process that is going to take us into a new future.

And I think we see it, the example is so clear to me in this whole Greater IBM Connection model, and seeing that the

possibility of what we could grow in talent and community across the world between past and present that is unprecedented.

And we're seeing its value already as we continue to forge the path on this new one. And I appreciated your comments and see, we share all of us share a common ground even there, too. Very good. Thank you.

ESTEVEZ: Thank you, Debbe. I think, [Leobardo], I saw a note that you maybe had someone with a comment or question for Gunter?

[LEOBARDO]: Yes, one of our agents would like to ask something directly to Gunter.

QUESTION: My name is [INAUDIBLE]. Well, IBM is a global enterprise. I would like to know, like I think you have traveled around the world and you can compare every culture in every country. I would like to know how, in Germany, could you give me some example of what is innovation culture in Germany and how can we apply them here in Mexico?

DUECK: In Germany we have always trouble with, say, IBM worldwide software that it does not really apply to German. It's hard to, we have just different laws and regulations.

So if you make data mining or customer relationship management, all these database questions, then in Germany we have different laws and most of the software part I'm not allowed to use here in Germany because of data privacy. So everything is different. And we have to be accustomed to that. And this is just one example.

And we feel that we need to have an own innovation here in Germany and we plan for, as a Distinguished Engineer, even to have maybe an adapted cultural innovation out of just for Germany, because it's really different and local base.

And the official American innovation outlook is very far to the local culture. And we try to adapt to that. And I think it's a good idea to have that, to have a local interpretation to those innovations.

So for instance, maybe the technology streams are very local. I think Germany has the best fixed line network, telecommunication network of the world. And because we have the best fixed line network of the world, very unified, everyone is connected in every village, whatever you like. Then people don't use cell phones in Germany. It's a very rare use.

So we have a different culture in communications, and

therefore all the Internet applications are in a different phase than in other countries, and we think we have to rethink that in a local way and make a local innovation outlook for our customers here. So that's what we do.

ESTEVEZ: Maureen, I hope that satisfies your query.

QUESTION: Yes, thank you.

DUECK: If you look for Mexico, what is special there? I would expect that you have, that you have different development in all the countries and I think IBM is open now for these local specialties.

So I was in global workforce, where is the innovation or where should we pursue innovation, and IBM as a U.S. company has difficulty especially with cell phones and communication because the cell phone, all around telecommunication is made by [Noxia] basically in Finland and it would be better to let IBM Finland make the cell phone revolution.

Or it might be better to have embedded in the devices or in the automobile like Windows for automobiles or Linux for automobiles. You have to let that [build] be Ferrari or, say, by Porsche in Germany where the luxury cars are.

And what we said in a global study for IBM is we should pursue the innovation where it emerges. Maybe in Finland.

Maybe in India. But do not make a global interpretation of that.

ESTEVEZ: Thank you, Gunter. I see there's a lot of questions and some chatting going on. Larry threw out a gauntlet and Vasundhar responded, and Melissa is weighing in.

I just wanted to point out that we are now 20 minutes past the hour and that...there we are. Some clapping hands for Melissa and Gunter we're going to replicate that clap.

Here's mine. Yay!

[APPLAUSE]

Let them hear it. These guys have been really terrific, meaning not just in this hour plus that they've contributed to our discussion here today, but they have also agreed that it's probably not the first time we should talk about culture and there are things that have been left out.

And some of you have sent me questions that I know we would like to have a second discussion about. So know there will probably be a part two sometime before the end of the year. It will probably take a different format. Maybe the next time we'll do it as a talk radio show and everybody will have a greater role.

But right now I really would like you to join me in thanking joining Melissa Cefkin, who was up very early for this discussion, along with Debbe Kennedy and Gunter who is up late afternoon.

And, yes, thank you to Mexico, and the new hires and interns there. Mexico, gracias. And to Larry and Kevin and team, very shy, the group in Raleigh. Are you there? And we also want to thank, of course, Vasundhar and his distinguished group of alums.

[END OF SEGMENT]