PURPOSE

Going From Spare Change to Real Change

An Interview with Stanley S. Litow,
Vice President, Corporate Citizenship & Corporate Affairs and President, IBM International Foundation

EDITORS' NOTE *Stanley Litow has served as Chair of the Governor's Panel on Common Core Education Standards and on the President's Welfare-to-Work Commission. Currently, he serves as a Governor's appointee on the board of the State University of New York. Litow is the recipient of the Council on Foundations' prestigious Robert W. Scrivner Award for Creative Grantmaking. Litow has twice been voted "CEO of the Year" by* Corporate Responsibility *magazine, and IBM's efforts to improve American education have won the company two Ron Brown Presidential Awards for Corporate Leadership. Prior to joining IBM, Litow was Deputy Chancellor of the New York City Public Schools, founder and CEO of Interface, and a City and State Official appointed by the Mayor and Governor of New York.*

Stanley S. Litow

COMPANY BRIEF *IBM (ibm.com) is an American, globally integrated technology and consulting corporation that manufactures and markets computer hardware, middleware, and software, and offers infrastructure, hosting, and consulting services in areas ranging from mainframe computers to nanotechnology. In particular, it offers expertise for cognitive, cloud, mobile, and security-related technologies. IBM has 12 research laboratories worldwide. It has encouraged its employees to take a leading role in community service throughout its 105-year history.*

What has made corporate responsibility such a core part of what IBM is and how is this maintained within the employee base?

Corporate citizenship is a part of the IBM corporate culture and values, and they are reinforced under leaders of the company going back to our founders. They were incredibly interested in the corporation's role in society, and this wasn't just from the standpoint of philanthropy, even though they were very generous.

In the 1980s, 50 percent of the philanthropic contributions outside of the U.S. by all large companies came from one company: IBM. Companies were spending most of their philanthropic dollars within their local communities – they didn't think about citizenship as an exercise that could make an impact on the world.

In addition to philanthropy, our leaders encouraged employees to serve on not-for-profit boards, and to be involved in high level community service activities. They also had labor practices that were progressive in terms of supporting diversity.

Case in point, in the 1950s, IBM opened the first integrated manufacturing plant below the Mason-Dixon line, which made an impact on how people thought about race and society. This led to the integration of the public schools in Lexington, Kentucky before the Civil Rights Act passed. IBM's efforts with Columbia University also resulted in the creation of the academic discipline computer science in the 1940s. Being able to embed that in academic curriculum led to a variety of things that had a broader social and economic purpose, not just for the company but for the U.S. and globally.

This innovation has been part of the company culture, stressed by all our CEOs. We've also been able to join that corporate culture with benefit to the company and to society – it's how we keep our work sustainable and scalable.

Many of the activities we're involved in now marry that deep corporate culture with innovation not just for the company or our clients but for society.

Do the areas that IBM supports need to align with the business?

They do. It's all about going from spare change to real change. The spare change approach means we look at a variety of problems and contribute a portion of our net earnings before taxes in a variety of different areas, and the goal is simply to be generous.

The IBM approach goes beyond that. We start with what are the most challenging problems in society and then design a customized solution. As an example, we had a problem with the amount of research being done to solve the critical issues around healthcare and the environment. The challenge was whether IBM could contribute $500 million a year towards that research. Probably not. But IBM came up with a solution. We invented a virtual supercomputer, using shared power from millions of devices to create massive amounts of computing power and donated it for free. It's the equivalent of one of the most powerful supercomputers in the world, valued in the hundreds of millions of dollars. By using our innovation and our capability to design something that had never been done before, we can support the research project in Ebola, one on childhood brain cancer, one on nanotechnology to improve water quality, and many others.

Would you discuss the P-TECH initiative, and how large can it become?

IBM designed P-TECH to reinvent high school by creating an integrated 9-14 program where students in the eighth grade, regardless of their income level, race, or academic preparation, could succeed and get associate's degrees and jobs using existing per pupil spending through the public education system. It was designed to be scalable and sustainable.

We created the first school in 2011/12 – now there are 40 and, in the fall, there will be 60 across six different states. Can it become the model for education across the U.S.? We truly believe that it can and that it will. Currently, we have stimulated a national coalition to support the reauthorization of the Perkins Act, which funds all career and technical education in the U.S with over $1 billion. It is currently not that effective but the new law would be modeled after P-TECH, and provide an opportunity to bring the success of P-TECH to every state.

How critical is it to have the metrics to truly track impact?

It's a challenge but it's both essential and doable. When we invest in something like P-TECH, we look at the impact on graduation rates; the percentage of students who go on to get a bachelor's; grade point averages and the total impact on college preparation, completion, attendance, how many get jobs, at what salary, and how well they do in those jobs.

Investments at this level have to be measured by the results. And, if we want an innovation to become scalable and sustainable, we need metrics to improve the program and expand it.

Do the bigger companies need a purpose at their core in order to attract the right talent?

Data shows that the people with the best skills want to work for a company that has effectively demonstrated this broader purpose and integrated it into its business strategy. Everything about corporate responsibility is connected to the bottom line, in terms of minimizing risk and especially in terms of maximizing reward for the company. ●