every one of these comments, because if you think we've got this place plumbed correctly, think again."

Don't get me wrong. The passion in these e-mails was positive as well as negative. People would say, literally, "I'm weeping. These values describe the company I joined, the company I believe in. We can truly make this place great again. But we've got all these things in our way. . . ." The raw emotion of some of the e-mails was really something.

Now, if you've unleashed all this frustration and energy, if you've invited people to feel hope about something they really care about, you'd better be prepared to do something in response. So, in the months since we finalized the values, we've announced some initiatives that begin to close the gaps.

One I have dubbed our "$100 million bet on trust." We kept hearing about situations like our colleague in Tokyo who needed help from the engineer in Austin, cases in which employees were unable to respond quickly to client needs because of financial control processes that required several levels of management approval. The money would usually be approved, but too late. So we allocated managers up to $5,000 annually they could spend, no questions asked, to respond to extraordinary situations that would help generate business or develop client relationships or to respond to an IBMer's emergency need. We ran a pilot for a few months with our 700 client-facing teams, and they spent the money intelligently. There were lots of examples of teams winning deals and delighting clients with a small amount of "walk around money" to spend at their discretion. So, based on the success of that pilot, we expanded the program to all 22,000 IBM first-line managers.

You can do the math: $5,000 times 22,000 managers is a big number. I'm sure there were people in the company who said, "We need to get this under control." But they're not the CEO. Yes, you need financial controls. Yes, not every dollar spent from this Managers' Value Fund will yield some tangible return. But I'm confident that allowing line managers to take some reasonable risks, and trusting them with those decisions, will pay off over time. The program also makes a point: that we live by our values.

The value of "trust and personal responsibility in all relationships"—including those with IBM's shareholders—led to another initiative: a change in the way we grant top executive stock options. After getting a lot of outside experts to study this (and concluding that the complicated algorithms they recommended were wonderful, if you wanted to hire the outsiders as permanent consultants, but terrible if you wanted a simple formula that aligned executive behavior with shareholder interests), we settled on a straightforward idea. Senior executives will benefit from their options only after shareholders have realized at least 10% growth in their investments—that is, the strike price is 10% higher than the market price on the day the options are issued. Look at it this way: IBM's market value would have to increase by $17 billion from that date before any of the execs realize a penny of benefit. We think we are the first large company to take such a radical step—and it grew out of our values.

Let me give you one more example. It may not sound like a big deal, but for us, it was radical. We overhauled the way we set prices. We heard time and again from employees about how difficult it was to put together a client-friendly, cross-IBM solution, one involving a variety of products and services at a single, all-inclusive price. We couldn't do it. Every brand unit had its own P&L, and all the people who determine prices had been organized by brand. Remember those 100,000 cells in our 3-D matrix? Our people were pulling their cross-IBM bids apart, running them through our financial-accounting system as separate bids for individual products and services. This was nuts, because it's our ability to offer everything—hardware, software, services, and financing—that gives us a real advantage. When we bid on each of the parts separately, we go head-to-head against rivals by product: EMC in storage, say, or Accenture in services. This was tearing out the very heart of our strategy of integration, not to mention our unique kind of business-plus-technology innovation.

Let me give you a humorous (if somewhat discouraging) illustration. Every senior executive has responsibility for at least one major client—we call them "partnership accounts." Our former CFO John Joyce, who now heads IBM's services business, put together a deal for his account that involved some hardware, some software, and