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IBM and the LCMS: Walking the Reformation Pathway

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Abstract: International Business Machines Corporation, IBM, Big Blue—by the early 1990s the technology giant and marketplace dominator was tanking. Reeling from a proliferation of PC brands, a tech start-up revolution, and internal cultural paralysis, the once-powerful mainframe computer innovator found itself on its heels. Experts predicted imminent collapse.

That's when Louis V. Gerster, Jr. was invited to take the helm as CEO of IBM. Gerster had no tech industry credentials but was a proven growth and change agent as CEO of American Express and RJR Nabisco. Answering the call to lead a dying business behemoth did not qualify as an item on his career bucket list, but this was IBM. It was more than just another resident occupying the crowded and transient neighborhood of worldwide industry. IBM was an American institution. This was more than just a job; it was a mission. So Gerster decided to accept the position.

Nine years later, IBM had moved from market defensiveness to technological leadership, from internal fragmentation to customer prioritization, and from hemorrhaging funds to empowering profitability. What happened?

You might say that IBM walked a reformation pathway. Louis Gerster guided the company to a rediscovery and effective implementation of its core purpose—even within the rapidly changing context of the late twentieth-century tech industry. IBM would reclaim its position as the leader in the creation, development, and manufacture of the computer industry's most advanced information technologies.



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Is it possible for the church to learn from IBM's recovery? Specifically, can The Lutheran Church—Missouri Synod (LCMS), a rapidly declining, internally distracted, and financially strapped major U. S. denomination experience such a reformation as it walks in the shadow of the Reformation of five hundred years ago?

The similarity between the two acronym-labeled entities is astounding. Both were conservative organizations that enjoyed heydays in the mid-1900s. Both fostered internal culture that was viewed to be immune from external forces of change. Both comprised highly educated, high-quality, and highly committed leaders and constituents. Both developed worldwide influence, and both sustained growing market shares until each was confronted with external forces and internal attitudes that precipitated unprecedented freefalls.

But one organization recovered its confident spirit and strong influence. IBM was brought back from the brink.

The following analysis takes lessons and insights from Louis Gerstner's book, *Who Says Elephants Can't Dance? Leading a Great Enterprise through Dramatic Change*¹, and asks if the LCMS might be able to follow a similar path to recovery. This paper is a missiological study, not an examination of fiscal or strategic practices. This look at the LCMS is theological, not an attempt to see the church function more like a business. It is a Gospel invitation bidding us to pay close attention to the parable of IBM—having ears that hear, eyes that see, and hearts that understand—as Jesus calls us to be faithful stewards of the treasure He has entrusted to our care.

What mission motivation might redirect our church as we lean in attentively to the story of IBM?

Owning Up

Louis Gerster said, “The *sine qua non*, the essential characteristic, of any successful corporate transformation is public acknowledgment of the existence of a crisis. If employees do not believe a crisis exists, they will not make the sacrifices that are necessary to change” (77).

Gerster alludes to the terms “necessary change” and “corporate transformation” when he describes the radically altered heart needed at IBM. God's Word uses the

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term “repentance” to describe the humility, remorse, and change wrought by God in the heart of someone who has been missing the mark.

Martin Luther began his Ninety-Five Theses with a call to repentance. Every reformation begins that way. Repentance is not merely a thought, a well-written theological paper, or a church program that will help raise funds and increase seminary enrollment. Repentance is being cut to the heart and asking the question, “What shall we do?” (Acts 2:37)

Gerster went on: “We had to stop looking for people to blame, stop tweaking the internal structure and systems. I wanted no excuses. I wanted no long-term projects that people could wait for that would somehow produce a magic turnaround. I wanted—IBM needed—an enormous sense of urgency” (71).

This is reformation language. Luther recognized that the Gospel was at stake—more than that, the eternities of people who would or would not hear the Gospel hung in the balance. The same is true today. There is no time to explain, blame, excuse, or delay. We need to own up to the problem: We’ve drifted off course.

Gerster explained how IBM drifted:

When there’s little competitive threat, when high profit margins and a commanding market position are assumed, then the economic and market forces that other companies have to live or die by simply don’t apply. In that environment, what would you expect to happen? The company and its people lose touch with external realities, because what’s happening in the marketplace is essentially irrelevant to the success of the company (117).

During the mid-1900 flurry of growth and expansion, the LCMS began to lose touch with external realities. Looming before the powerful church body of the 1950s were critical issues: racial equality, service to the poor, changing social mores, and equipping a new generation for leadership. But the distraction of internal dissonance and conflict began to sidetrack the LCMS from its mission. An internal fight for the Gospel began, but in the fighting, the Gospel and its connection to a new generation was being lost. After a decade of fear, infighting, and division, the LCMS entered a season of steady decline. At first, LCMS insiders attributed the decline to efforts toward doctrinal purity. After four decades of losses, a sharp decrease in baptisms,

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adult confirmations, number of churches, and membership was blamed on the declining birthrate and the new generation's distaste for church.

But one question hasn't been addressed: How is the internal preoccupation of the church leading our beloved denomination to irrelevance? Just as the sixteenth-century Roman Church became an internal swirl of political and administrative self-absorption, the LCMS of the late twentieth and early twenty-first centuries has fallen into the organizational trap of ignoring a large segment of its "customers": people outside the church who need the Gospel most.

A wake-up call is sounding very loudly. The LCMS has entered an unprecedented season of decline, losing half a million members in the last fifteen years. Is the situation hopeless? Should we consign ourselves to insignificance, circle the wagons, and do our best to stay alive long enough to maximize our pension plans? Louis Gerster clarified how transformation takes place in an organization when he said, "So there must be a crisis, and it is the job of the CEO to define and communicate that crisis, its magnitude, its severity, and its impact. Just as important, the CEO must also be able to communicate how to end the crisis—the new strategy, the new company model, the new culture" (77).

Our leader, the Lord of the Church, speaks boldly and clearly to us in His Word. In the midst of our crisis, the new strategy and culture of the church is a call back to the old, old story of Jesus and His love. It is a call to "look to the rock from which [we] were hewn, and to the quarry from which [we] were dug" (Is 51:1). The crisis will end with a return to the Gospel—the same Gospel championed by Dr. Martin Luther five hundred years ago.

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Outward Focus

What does that look like?

Today's reformation means remembering that the Gospel is not an internal, humanly developed, organizational system. The message of God's grace through faith in Jesus Christ is not a doctrinal concept generated by one of our strategic planning groups. The Gospel is "*extra nos*," outside of us, a gift from God who sent His Son, the Word who became flesh and made His dwelling among us. The answer is not within our systems or fallen souls. It is in Christ alone. An external focus is essential for the health and viability of our church. While not thinking at all about God's gracious reach into our broken world, Gerster highlighted the critical need we have at this time in history. He said, "In the past, IBM was both the employer and the

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scorekeeper in the game. I needed my new colleagues to accept the fact that external forces—the stock market, competition, the changing demands of customers—had to drive our agenda, not the wishes and whims of our team” (96–97). Our whims and wishes need to be set aside to make room for God’s external forces, His revealed Word and means of grace, to drive our agenda.

Lou Gerster resolved that IBM was no longer going to take a posture of protection and inward thinking. He noted, “We were going to take our fate into our own hands. We were going to play offense” (127). He went on: “My point is that all of the assets that the company needed to succeed were in place. But in every case . . . all of these capabilities were part of a business model that had fallen wildly out of step with marketplace realities” (176). “What was needed was straightforward but devilishly difficult and risky to pull off. We had to take our businesses, products, and people out of a self-contained, self-sustaining world and make them thrive in the real world” (178). “The challenge was making that workforce live, compete, and win in the real world. It was like taking a lion raised for all of its life in captivity and suddenly teaching it to survive in the jungle” (178). God’s assets are in place. His ranks of baptized believers have been given the authority and commission to go and make disciples. Will the LCMS receive these gifts and steward them well?

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In 1950, the LCMS gathered in Milwaukee for its triennial convention. Seeking, perhaps, the same outward shift Lou Gerster brought to IBM, delegates passed a stirring resolution: “Resolved, 1. That the Lutheran Church–Missouri Synod call upon its total membership for an even greater love and devotion to the Lord and Savior of mankind, and a consequent burning zeal for the lost souls of men. 2. That The Lutheran Church—Missouri Synod with all of its members pledge before the Cross of Christ to cultivate an ever deeper and more prayerful sense of stewardship toward the ever-widening soul-saving program of the church.”²

The lion consigned to captivity was being set loose into the jungle, into the real world, into the cultural actuality of a growing number of lost souls. Only by focusing on the external realities of God’s gifts and the world’s need could the church accomplish its mission.

Gerster summed up his diagnosis of the crippled computer giant:

This hermetically sealed quality—an institutional viewpoint that anything important started inside the company—was, I believe, the root cause of many of our problems. To appreciate how widespread the dysfunction was,

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I need to describe briefly some of its manifestations. They included a general disinterest in customer needs, accompanied by a preoccupation with internal politics (189).

God calls us outward—outward to see His means of grace and outward to see where those means need to be applied. Inward preoccupation paralyzes mission and diminishes attentiveness to opposing forces. Gerstner noticed that “interdivisional rivalries at times seemed more important, more heated, than the battle with external competitors”

(194). Our maneuvering for positions of control, and our battles with fellow servants within the church blind us to the assault of Satan’s destructive schemes. The Evil One is the ultimate external competitor. Looking inward as a church abdicates our calling to “stand against the schemes of the devil” (Eph 6:11).

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Rebooting Culture

How can an organization see clearly enough to understand the real battle? The culture needs to be rebooted. Gerstner commented about IBM, “What lay ahead—devising a strategy for a fundamentally new world and reinventing an encrusted culture from the DNA out—that was a challenge of a vastly different order” (105). He said, “Successful institutions almost always develop strong cultures that reinforce those elements that make the institution great. They reflect the environment from which they emerged. When that environment shifts, it is very hard for the culture to change. In fact, it becomes an enormous impediment to the institution’s ability to adapt” (182). “The more successful an enterprise becomes, the more it wants to codify what makes it great—and that can be a good thing. It creates institutional learning, effective transfer of knowledge, and a clear sense of ‘how we do things.’ Inevitably, though, as the world changes, the rules, guidelines, and customs lose their connection to what the enterprise is all about” (184).

The strong culture and customs of the LCMS brought it roaring into the mid-twentieth century with a “traditionally aggressive”³ approach to a changing society. The uncompromising and life-giving truth of God’s Word was brought boldly to a world in need. But when cultural issues became difficult to address, the LCMS wavered in its resolve to step wholeheartedly into the messy fray with the Gospel. Then fear took hold. Internal theological disagreements and organizational disjunctures wounded and divided the LCMS. Never wanting such disruption to happen again, the LCMS began to veer into self-protection. Reaching outward diminished and suspicion of anything new increased.

Gerstner summarized what happened to the culture of IBM: “Years later I heard it described as a culture in which no one would say yes, but everyone could say no” (193). Negativity and fear along with a critical and protective spirit began to prevail. An errant view of what it meant to be biblical and confessional began to spread virally through a post-1970s church. Today, generations of church members and ministry leaders don’t even remember the traditionally aggressive culture that propelled the Gospel mission of the LCMS forward. They don’t understand, what Rev. F. W. Herzberger, writing in *Ebenezer*, the 75th anniversary book of the synod in 1922 said so well: “True Biblical orthodoxy is *always* full of spiritual life, full of missionary zeal, full of unfeigned helpful, compassionate love, for it is the work of the Holy Spirit in the hearts of His believing children.”⁴

Cultivating Servanthood

Gerster began to effect change through a statement of principles. The principles emphasized an outward focus for the sake of others. IBM employees were to be shaped by an internal compulsion to be servants who look outward. They were encouraged to function together as a team for the sake of a bigger and very urgent purpose. The connection these principles have to the church is clear, as is the list Gerster brought to his employees:

- The marketplace is the driving force behind everything we do.
- Our primary measures of success are customer satisfaction and shareholder value.
- We operate as an entrepreneurial organization with a minimum of bureaucracy and a never-ending focus on productivity. The best entrepreneurial companies accept innovation, take prudent risks, and pursue growth, by both expanding old businesses and finding new ones.
- We never lose sight of our strategic vision.
- We think and act with a sense of urgency.
- Outstanding, dedicated people make it all happen, particularly when they work together as a team.
- We are sensitive to the needs of all employees and to the communities in which we operate.
- We want the communities in which we do business to become better because of our presence (201–202).

If you can see through the business vernacular on that list, you comprehend a picture of people who begin to value people again. You observe a collective surge of individuals—a community—bound together by a common and worthy mission, doing their all to lift up one another and to bless the world. You see the components

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of God's mission through a church that is no longer afraid or preoccupied with self, no longer uncertain or distracted by personal agendas. You see the church as a city set on a hill, leading many to glorify the Lord of the church who gives the uncommon gift of eternal hope and life.

Gerstner sounded a "reformation" call when he said, "Maybe we can practice continual, restless self-renewal as a permanent feature of our corporate culture" (214). Much of the reformation pathway we are called to continue involves not only thought, but action. It is a reformation of deeds, not merely words. It is a reformation of "doing" theology, not simply knowing theology. We may confess many doctrines, but do we have an operational plan in place to put God's Word into practice, to put the treasure He has given us to work (see Matthew 25)?

Gerster summed up the need for an active reformation when he said, "So, execution is really the critical part of a successful strategy. Getting it done, getting it done right, getting it done better than the next person is far more important than dreaming up new visions of the future" (230). We are called not only to confess the Word, but to conform to the Word—by God's grace through His gifts (Rom 8:29).

Getting it done has nothing to do with politics or control. Gerstner pointed out wisely, "It is not a question of centralization v. decentralization. Great institutions balance common shared activities with highly localized, unique activities" (245).

Onward

The answer for the church today is the same as it was for Martin Luther and the church five hundred years ago. Luther returned to the Gospel because he was granted the gift of repentance. He loved much because he had been forgiven much. Christ's love compelled him to go and tell. "Here I stand," Luther said, "I can do no other." Luther was not merely a hearer of the Word, deceiving himself. He was a doer of the Word (Jas 1:22). He was "all-in" theologically. His faith was accompanied by bold action. As a justified child of God, he walked in the newness of life (Rom 6:4). Being "all-in" theologically means not separating truth from action, knowledge from mission. God, who is the Truth, reveals and sends the Truth. He also sends His redeemed people with the Truth to others.

We need to grasp that point today. Mission is not a program loosely attached to the central theological precepts in the Scriptures. Mission IS theology: "For by grace you have been saved through faith. And this is not your own doing; it is the gift of God, not a result of works, so that no one may boast. For we are his workmanship, created in Christ Jesus for good works,

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which God prepared beforehand, that we should walk in them” (Eph 2:8–10). The sending God sends His gifts and sends us to share the gifts He gave.

Our own confessions have been teaching this for centuries. The Preface to the Book of Concord states that the Augsburg Confession, which bore witness to “the pure, unalloyed, and unadulterated light of his holy Gospel and of the Word that alone brings salvation”⁵ was “presented in the presence of all the estates of the empire, and published and proclaimed in all of Christendom throughout the wide world.”⁶ The foundation of the Confessions is a complete theology—one that not only hears the Word, but sees it puts it into action through Word, Sacrament, and the Body of Christ, His Church.

Luther’s Large Catechism articulates eloquently and powerfully:

This we ask [Thy Kingdom come], both in order that we who have accepted it may remain faithful and grow daily in it and in order that it may gain recognition and followers among other people and advance with power throughout the world. So we pray that, led by the Holy Spirit, many may come into the kingdom of grace and become partakers of salvation. . . . Therefore, we must strengthen ourselves against unbelief and let the kingdom of God be the first thing for which we pray.⁷

The Formula of Concord quotes Luther when it declares: “Faith is a divine work in us that transforms us and begets us anew from God, kills the Old Adam, makes us entirely different people in heart, spirit, mind, and all our powers, and brings the Holy Spirit with it. Oh, faith is a living, busy, active, mighty thing, so that it is impossible for it not to be constantly doing what is good.”⁸

What is the pathway forward for the LCMS? From where have we come and to where are we being led? Let us live our identity as reformation people, being led to repentance, receiving the grace of God, and walking in that grace, loving much because we have been forgiven much (Lk 7:47). Let us be compelled by Christ’s love instead of being driven by fear, ego, stubbornness and infighting. Let us ask for God’s grace to form us into doers of the Word, not hearers only who deceive themselves.

Let us live our identity
as reformation people.

Louis Gerstner saw the “elephant” called IBM dance once again. The corporation became nimble and responsive, engaged with the global community. If God restores the reformation heart of the LCMS, allowing it to regain its Scripture-centered vitality, perhaps we, too, will see the LCMS dance again.

Endnotes

¹ Louis V. Gerstner, Jr., *Who Says Elephants Can't Dance?* (New York: HarperCollins, 2002), Kindle Edition.

² *Proceedings of the Forty-First Regular Convention of The Lutheran Church-Missouri Synod*, (St. Louis: Concordia Publishing House, 1950), 426.

³ "The New Lutheran," *Time*, (April 7, 1958), 60.

⁴ W. H. T. Dau, ed., *Ebenezer: Reviews of the Work of the Missouri Synod During Three Quarters of a Century* (St. Louis: Concordia Publishing House, 1922), 446–447.

⁵ Theodore G. Tappert, ed., *The Book of Concord* (Philadelphia: Fortress Press, 1959), 3.

⁶ *Ibid.*

⁷ *Ibid.*, 427.

⁸ *Ibid.*, 552–553.