

Make Your Values Mean Something

by Patrick M. Lencioni

Take a look at this list of corporate values: Communication. Respect. Integrity. Excellence. They sound pretty good, don't they? Strong, concise, meaningful. Maybe they even resemble your own company's values – the ones you spent so much time writing, debating, and revisiting. If so, you should be nervous. Those were the corporate values of Enron.

Although it's an extreme case, Enron is hardly the only company with a hollow set of values. I've spent the last 10 years helping companies define and refine their corporate values, and what I've seen isn't pretty. Most value statements are bland, toothless, or just plain dishonest. And far from being harmless, as many assume, they're often highly destructive. Empty value statements create cynical and dispirited employees, alienate customers, and undermine leadership credibility. In the mid-90's, the values fad swept through the American corporate landscape like chicken pox through a kindergarten class. Today, fully 80% of the Fortune 100 tout their core values publicly – values that too often stand for little more than a desire to be au courant or, even worse, politically correct.

This debasement of values is a shame, because it wastes a great opportunity. Values can set a company apart from its competition by clarifying its identity and serving as a rallying point for all team members. But coming up with strong values – and sticking to them – takes real guts. The bottom line is that, when properly practiced, values inflict pain. They limit an organization's strategic and operational freedom and constrain the behavior of its people. And they demand constant vigilance. If you're not willing to accept the pain real values incur, don't bother going through the trouble of formulating a values statement. You'll be better off without one.

I once asked the CEO of a Fortune 500 networking company to tell me one of his firm's core values. “*A sense of urgency!*” he replied without hesitation.

“*So,*” I asked, “*Your employees take quick action and hit all their deadlines?*”

“*No,*” he replied, “*They're complacent as hell, which is why we need to make urgency one of our core values.*”

The response reveals the confusion underlying many value initiatives. Far from being a core value, a sense of urgency didn't even exist in the organization. It was just an aspiration – a goal for the future. Often organizations remained confused about values and mistake other kinds of values for core values. The resulting hodgepodge of chosen values can bewilder teams.

Four Value Categories:

1. Core Values. These are the deeply ingrained principles that guide all of a company's actions. They serve as cultural cornerstones and must never be compromised. They are the source of a company's distinctiveness – their brand identity.

2. Aspirational Values. These are the values a company needs or wants to have to bring future success, but currently lacks. Aspirational values are beneficial, yet they need to be carefully managed so that they don't dilute the core.

3. Permission-to-Play Values. These simply reflect the minimum behavior and social style of team members. These values qualify candidates for acceptance on a team, yet they are not the defining characteristics that set an organization apart from its competition.

For example, integrity is often a chosen core value, though it probably should be designated as a permission-to-play value unless a company is willing to adopt unusually higher standards for integrity than most companies.

Another example is quality. Many organizations overemphasize the quality issue, apparently not understanding that for their customers, quality is already assumed.

4. Accidental Values. These arise spontaneously within a team over time, without being cultivated by leadership. They can be beneficial, but can produce negative forces, even to the point of being team toxic.

Be Aggressively Authentic

Many companies view a values initiative the same way they view a marketing launch – a one-time event. Even executives that take values seriously can sabotage them by adopting blandly nice ideals that fail to differentiate their companies from competitors.

Consider the mother and apple-pie values that appear in so many companies' value statements – integrity, customer satisfaction, teamwork, ethics, quality and innovation. In fact, 55% of all Fortune 100 companies claim integrity as a core value, 49% espouse customer satisfaction, and 40% tout teamwork. While these are inarguably good qualities, such choices hardly provide a distinct blueprint for employee behavior. Cookie-cutter values don't set a company apart from competitors, they make it fade into the crowd.

For a values statement to be authentic, it doesn't have to sound like it belongs on a Hallmark card. Some extremely successful companies adhere to tough, if not downright controversial, values. Aggressively adhering to one's values can create a distinct market position, as well as helping a company make clear, focused decisions.

Intel is a company that takes pride in the pricklier aspects of its culture. Employees are pushed to embrace the value of risk-taking by challenging the status quo and engaging in constructive confrontation. During orientation, new employees are taught the art of verbal jousting without holding onto hard feelings. Founder Andy Grove is legendary for his willingness to challenge, even berate, executives during meetings. One of Grove's former directors fondly recalls being chastised by the former CEO during a presentation. Just a few minutes into the talk, Grove interrupted him by saying, *"If this isn't going to get more interesting, you might want to stop right there and come back next week with a better story."*

To engage employees, many executives roll out employee surveys and hold lots of town-hall style meetings to gather input and build consensus. That's precisely the wrong approach. Values initiative are not about consensus, they're about imposing a set of fundamental, strategically sound beliefs on a broad group of people. Through consensus, a team inevitably seems to choose soft, comfy values that do little to energize people to achieve outstanding results.

A good values program is like fine wine – it's never rushed. It's far more important for a team to arrive at a values statement that works rather than rush to a decision it may later regret. Ultimately, values must be chosen based upon how they will play out within the corridors of the organization.

Weave Values into Everything

So let's say you've nailed down the right values to take you to the top. If they're really going to take hold in your organization, your core values need to be integrated into every team-related process.

From the first interview until the last day of work, all team members should be constantly reminded that core values form the basis of every decision the company makes.

"I can work with someone who needs more coaching or training," explains one CEO. *"But when it comes to our core values, I have to be intolerant. That's what ensures the strength of our culture."*

After a company has embedded its values into its systems and rewards, it should promote those values at every turn. Given the cynicism surrounding values these days, executives would do well to repeat them every chance they get.

Many companies publicize their values on T-shirts and coffee mugs, but the most effective mechanisms are far simpler and less expensive. Story-telling is an effective means of celebrating the victories in relation to the core values.

Nordstrom, a well-known example of a values-driven organization, constantly reminds employees of its core value of customer service. New employees are told elaborate stories recounting the lengths fellow employees have gone in order to wow clientele. This reinforces people's belief that they work for an extraordinary company.

Another company that continually communicates its values, often on the verge of corny, is Wal-Mart. From company cheers to computer-based training, the retail giant constantly stresses its core values of excellence, customer service and respect for employees. The entire organization reinforces the core values through actions.

Summary

Given all the hard work that goes into developing and implementing a solid values system, most companies would probably prefer not to bother. Indeed many shouldn't, because poorly implemented values can poison a company's culture.

Make no mistake – living by stated corporate values is difficult. After all, it's much harder to be clear and unapologetic for what you stand for than to cave into politically correct pressures. And for companies trying to repair the damage of a bad values program, the work is even harder. But if you're willing to devote your time and energy to creating an authentic values statement, there's a better chance that your company will succeed on new levels and stand the tests of time.