DISCUSSION
5.0

MONTGOMERY COUNTY BOARD OF EDUCATION
Rockville, Maryland

June 25, 2012

MEMORANDUM

To: Members of the Board of Education

From: Michael A. Durso, Chair, Strategic Planning Committee MAD

Subject: Core Values Discussion

On June 4, 2012, the Strategic Planning Committee met to discuss and develop a proposed process for the Board's role in revising the system's strategic plan, *Our Call to Action: Pursuit of Excellence*. The committee agreed that the Board could benefit from advance resources that could help lay the groundwork for its work on the possible revisions to the strategic plan's guiding tenets (core values, mission, vision, goals, and priorities).

To that end, Mr. Kevin Ruth, senior vice president of UnitedHealth Group (see attached bio), will be joining the Board for today's discussion to share and present to the Board his organization's work about refining its core values. Mr. Ruth will also talk about how UnitedHealth Group has communicated this work across its large organization. Additionally, I have attached three articles about values which the committee found of benefit and will inform our work going forward.

As chair of the Strategic Planning Committee, I appreciate the significance of revising the strategic plan and look forward to working with the Board as a whole as we begin this challenging and important work.

MAD:kmy

Attachments

B I O G R A P H Y

UnitedHealthcare®
A UnitedHealth Group Company

Name: Kevin J. Ruth

Title: Senior Vice President
Enterprise Clinical Services
UnitedHealthcare

Hire Date: May 31, 2001

Career Profile: Kevin Ruth was named Senior Vice President, Enterprise Clinical Services, of UnitedHealth Group in May, 2009. In this role, Kevin utilizes his extensive experience at UnitedHealth Group to align clinical resources and implement consistent efficiency and quality performance measurement standards across the organization. Kevin serves on our Culture Leadership Team and is one of the Our United Culture Workshop leaders.

Kevin was previously the Chief Operating Officer (COO) of UnitedHealthcare, a national position with responsibility for strategic planning, financial planning and analysis as well as the company's national Six Sigma efforts. Mr. Ruth joined UnitedHealthcare in 2004.

Mr. Ruth also served as the CEO of the Mid-Atlantic region, with accountability for the performance of the region, overseeing and aligning functional areas to maximize impact, and integrating MAMSI (an acquired entity) into UnitedHealthcare.

He is active in community and health-related organizations, including Chair for the Board of the Montgomery County Business Roundtable on Excellence (MCBRE) and the Olney Boys and Girls Club. Kevin is a Member Ambler Campus, Board of Visitors, Temple University. He also volunteers for the Jamie Dixon Foundation, and the United Healthcare Children's Foundation. Mr. Ruth also serves as a mentor for the Menttium Program.

Before joining UnitedHealthcare, Mr. Ruth was Vice President of Operations at a health insurance company in Pennsylvania and has held a number of other positions including Chief Operating Officer of a large PHO and IPA, a Hospital Administrator in a healthcare system as well as six years in public accounting with Arthur Andersen and Company.

Mr. Ruth earned a Bachelor of Arts from Temple University in Philadelphia and an MBA from West Chester University in West Chester, PA. He is a Certified Public Accountant and has earned the designation and distinction of Certified Managed Care Executive from American Association of Health Plans.

A Newsletter from Harvard Business School Publishing

harvard management update

ARTICLE REPRINT NO. U0601C

Put Your Values to Work

by Nancy McGaw and Lisa Fabish

Put Your Values to Work

How do you get more business value from your values statement? Begin with these ideas.

by Nancy McGaw and Lisa Fabish

NINE OUT OF 10 COMPANIES have written corporate values statements, a recent Aspen Institute/Booz Allen Hamilton survey of global executives finds. But, as the survey reveals, having a values statement and using it to improve your business are very different issues.

What separates those organizations whose value statements are destined to spend an eternity gathering dust in the CEO's desk drawer from those that are able to put their values to work in the organization? The latter take specific steps to create alignment between their values and their management practices. They don't view values statements as a necessary evil or a well-meaning but ultimately irrelevant part of the business; rather, they view values as a way to focus employees on how best to serve the company's needs.

What does it take to nurture corporate values, embed values in everyday decisions, and reap the benefits? Based on our survey research and extensive study of leadership practices, we offer 10 suggestions for action—things you can do now that could have exciting, long-term benefits.

1. Invite conversation

Take the corporate values statement off the wall and put it on the table. Invite employees at all levels and across functions to talk about what these values mean to them. Is anything missing? Our research found that only 34% of North American companies include environmental responsibility in their statements and only 44% of companies worldwide include initiative. Are these values subsumed in others? Have they been overlooked or intentionally omitted? Reflecting collectively on what values really matter and how the stated values guide the decisions employees make every day will go a long way toward making values an integral part of management practice.

ETHICS VERSUS OTHER VALUES

More than 80% of executives are confident that their management practices foster ethical behavior and integrity. But data shows confidence declines when it comes to management of other values. Executives are less sanguine, for example, about the effectiveness of their practices to foster teamwork and trust or commitment to employees, two prominent values in many corporate statements.

2. Insist that CEOs walk the talk

What factors make it possible for people to make decisions consistent with corporate values? CEO behavior is the runaway favorite. A whopping 79% of executives around the world cite that factor as a key enabler. CEOs who make decisions, for example, that reflect stated commitments to customers and employees—even if there are short-term costs—empower employees to do likewise. When it is clear to the rank and file that top leaders hold themselves accountable to the company's values, they are likely to follow suit. Leadership clearly does matter, and boards of directors need to evaluate CEOs on how well their actions follow their words.

3. Learn from firms outside your industry

When it comes to perceptions of the value of values, industry differences are telling. Take assessments of the value of environmental responsibility, for example. Seven in 10 executives in energy companies (71%) and close to half of executives in manufacturing companies (48%) see environmental responsibility as having a strongly positive impact on long-term corporate performance, but fewer than 16% of executives in technology firms agree. Are these perceptions accurately rooted in industry differentials, or is it possible that some industries are missing both risks and opportunities? Try asking colleagues outside your industry how they are addressing the values-management challenge.

4. Name your inhibitors

What stops employees from acting on values? Short-term economic costs, a potential competitive disadvantage, unknown costs/benefits, and a weak economic climate are cited by more than 30% of survey respondents. As amorphous concerns, these factors are powerful inhibitors to action. Inviting employees from throughout the ranks to name inhibitors within your own firm helps define their scope and makes it possible to discuss how they can be managed. Some inhibitors may even prove to be more imagined than real.

5. Tell stories

Encourage employees to share stories about how they have used a corporate value—innovation, say, or social responsibility—to overcome challenges and gain a competitive edge. This will prompt others to think creatively about how to employ company values in their work. In some corporations, managing values has become synonymous with legal compliance, leaving little scope for the imagination about how companies can manage values to uncover opportunities. Storytelling will prompt employees to imagine new links between values and value—until these links are imagined, they can't be assessed and acted upon.

6. Rewrite criteria for performance reviews

There is a disconnect in the way executives think about the relationship between values reinforcement and performance reviews. Three-quarters say they use reviews to reinforce values, but fewer than half believe reviews are one of the "most effective" tools for making sure values stick. Bringing the relationship more in line will require managers to take a close look at the behaviors and values these reviews actually reward. Consider how behaviors and results that are evaluated stack up against the stated values. Do some values consistently trump others? Does lack of commitment to teamwork, for example, get overlooked in the case of the salesperson who exceeds company targets every quarter? Adjust the criteria in these reviews until they accurately assess the values that matter for the long term.

7. Train for values-based decision making

Executives often are expected to make decisions that may require tradeoffs between social benefits and financial costs, but they often lack the training to make informed choices. Only 50% of our survey respondents say their firms provide such training, and when they do, the focus is usually on ethical decision making. Far fewer programs help managers understand the social, environmental, and economic effects of decisions. Innovative educational programs, such as those that offer opportunities for dialogue with community groups, nongovernmental organizations, or regulators, help executives estimate costs and benefits. An approach to training more focused on aligning values with organizational practices could remove uncertainties that undermine a manager's ability to engage in values-based decision making.

VALUE PERCEPTIONS BY THE NUMBERS

If corporate values and culture are increasingly recognized as important drivers of employee satisfaction and retention, then companies ought to be worried. In a recent survey by Harris Interactive on behalf of Spherion Corporation, only 44% of adult workers said they believed their company "has a widely embraced and understood corporate culture." Only half of the respondents felt their personal values were in agreement with their employer's corporate values.

—Paul Michelman, Editor

8. Measure your ROV

Yes, measurement is difficult, but there are ways to begin to assess your return on values (ROV) and pinpoint opportunities to improve it. How about a 360-degree review on corporate value performance? Ask employees to describe how they think the firm is doing. Lots of companies do employee surveys, but fewer study employee perceptions about how values are lived every day in the firm. Not surprisingly, employees at lower levels often have very different perceptions of how well the company is living up to its values than senior management, and smart CEOs tap that knowledge as a leading indicator of values failures. Ask customers what they think. Only about a third of our survey respondents use consumer preference data to measure the long-term impact of upholding values, even though two-thirds say values are important to maintaining good customer relationships. Ask community members how the company is doing as a neighbor and then dare to share the performance review throughout the company.

9. Go outside to make your business better

Don't just volunteer in the community; learn from it. Companies that rely solely on employee volunteer programs as a way of engaging with community members often miss opportunities to learn from these important constituencies. It's no coincidence that Asian companies—which are more likely than North American companies to hold routine consultations with community groups—are also more likely to say listening to diverse perspectives in the community helps them understand their markets and avoid strategic and operational mistakes.

10. Be honest with yourself

Managers must dare to assess whether the values of the company reflect the personal values they hold most dear. Consider what you could do to bring them into greater alignment. Take bold steps, and find allies for action. Imagine how much more engaged you could be professionally if you intentionally brought your principles and those of the firm into focus as decisions are made. ◆

Nancy McGaw is deputy director of the New York City–based Aspen Institute's Business and Society Program, and Lisa Fabish is a management consultant with Booz Allen Hamilton. They can be reached at MUOpinion@hbsp.harvard.edu.

Make Your Values Mean Something

by Patrick M. Lencioni

Harvard Business Review

Reprint R0207J

Harvard Business Review

July 2002

Your corporate values statement may be doing more harm than good. Here's how to fix it.

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 revising. If so, you should be nervous. These are the corporate values of Enron, as stated in the company's 2000 annual report. And as events have shown, they're not meaningful; they're meaningless.

Enron–although an extreme case–is hardly the only company with a hollow set of values. I've spent the last ten years helping companies develop and refine their corporate values, and what I've seen isn't pretty. Most values statements are bland, toothless, or just plain dishonest. And far from being harmless, as some executives assume, they're often highly destructive. Empty values statements create cynical and dispirited employees, alienate customers, and undermine managerial credibility.

Want proof? Here's what happened at a recent management conference held by a financial services company. The CEO began by proudly announcing the important role that a new set of corporate values – teamwork, quality, and innovation–would play at the firm. He then showed the assembly, including dozens of top executives from around the world, a slick video that illustrated each word with stock footage of world-class athletes, swelling music, and shots of employees waving awkwardly at the camera. The whole effort reeked of insincerity. When the CEO cheerfully asked audience members if they wanted to watch it again, he was met by a loud chorus of "No!" It was painfully clear that his credibility was shot.

Given the risk, why do executives put so much work into developing values statements in the first place? Because they believe they have to. At least that's how they've felt since 1994, when Jim Collins and Jerry Porras published *Built to Last*. The book made the case that many of the best companies adhered to a set of principles called core values, provoking managers to stampede to off-site meetings in order to conjure up some core values of their own. The values fad swept through corporate America like chicken pox through a kindergarten class. Today, 80% of the *Fortune* 100 tout their values publicly – values that too often stand for nothing but a desire to be au courant or, worse still, politically correct.

The debasement of values is a shame, not only because the resulting cynicism poisons the cultural well but also because it wastes a great opportunity. Values can set a company apart from the competition by clarifying its identity and serving as a rallying point for employees. But coming up with strong values–and sticking to them–requires real guts. Indeed, an organization considering a values initiative must first come to terms with the fact that, when properly practiced, values inflict pain. They make some employees feel like outcasts. They limit an organization's strategic and operational freedom and constrain the behavior of its people. They leave executives open to heavy criticism for even minor violations. And they demand constant vigilance.

If you're not willing to accept the pain real values incur, don't bother going to the trouble of formulating a values statement. You'll be better off without one. But if you have the fortitude to see the effort through, you can learn some important lessons from the few companies that have adopted meaningful corporate values. Whether their values stemmed directly from the vision and character of their founders or were developed later through formal programs, these companies all followed four basic imperatives in creating and implementing their values.

Patrick M. Lencioni is the founder and president of the Table Group, a management consultancy specializing in executive team development, located in Emeryville, California. He is also the author of several books, including The Five Dysfunctions of a Team *(Jossey-Bass, 2002).*

Understand the Different Types of Values

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."

That response reveals the confusion underlying many values 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. Too often, executives mistake other kinds of values for core values. The resulting hodgepodge bewilders employees and makes management seem out of touch.

Companies, therefore, should establish some basic definitions to ensure that people know what they're talking about and what they're trying to accomplish. I've found it helpful to organize values into four categories.

Core values are the deeply ingrained principles that guide all of a company's actions; they serve as its cultural cornerstones. Collins and Porras succinctly define core values as being inherent and sacrosanct; they can never be compromised, either for convenience or short-term economic gain. Core values often reflect the values of the company's founders–Hewlett-Packard's celebrated "HP Way" is an example. They are the source of a company's distinctiveness and must be maintained at all costs.

Aspirational values are those that a company needs to succeed in the future but currently lacks. A company may need to develop a new value to support a new strategy, for example, or to meet the requirements of a changing market or industry. The CEO who claimed his company's core value was a sense of urgency, for instance, was substituting an aspirational value for a core one.

Aspirational values need to be carefully managed to ensure that they do not dilute the core. One company I worked with valued extremely hard work and dedication; its employees were known to work late into the evenings and on weekends. At some point, the executive team felt compelled to add "work-life balance" as an aspirational value, but they ultimately decided against it because doing so would confuse employees about what mattered most to the company.

Permission-to-play values simply reflect the minimum behavioral and social standards required of any employee. They tend not to vary much across companies, particularly those working in the same region or industry, which means that, by definition, they never really help distinguish a company from its competitors.

A CEO I worked with confused core values with permission-to-play values when he insisted that integrity was a core value of his company. When I asked why, he said, "Because we refuse to hire people who misrepresent themselves on their résumés or who provide inaccurate information about previous employment experience." I pointed out that while his declaration was no doubt true, most organizations had similar policies. Unless his company was willing to adopt unusually tough measures to demonstrate that it held a higher standard of integrity than most companies, integrity should be classified as a permission-to-play value, not a core one.

Accidental values arise spontaneously without being cultivated by leadership and take hold over time. They usually reflect the common interests or personalities of the organization's employees. Accidental values can be good for a company, such as when they create an atmosphere of inclusivity. But they can also be negative forces, foreclosing new opportunities. Managers always need to distinguish core values from merely accidental ones, as confusion here can be disastrous.

One fashion apparel company, the Sak Elliot Lucca, initially struggled to distinguish its accidental values from its core. Located in the edgy South of Market district of San Francisco, its early employees were single adults who partied on weeknights and owned a disproportionate amount of black clothing; accordingly, the company was accidentally imbued with the values of these employees – trendy, youthful, and cool.

But as the company grew, two things became apparent to executives: There would be no way to adequately staff the company if only young, hip, "Sak-looking" people were hired. And older, married workers who could make great contributions might be inadvertently overlooked. So the company actively worked to help employees understand that hiring only trendy people had nothing to do with the Sak's core values of trust (being honest and credible), action (making independent decisions), and ownership (treating the company as if one were a founder). Even "unhip" people should be recruited, as long as they shared the company's cherished core values. Today the Sak is a truly diverse organization, and it has broadened its product line to appeal to a much wider market.

Be Aggressively Authentic

Many companies view a values initiative in the same way they view a marketing launch: a onetime event measured by the initial attention it receives, not the authenticity of its content. This can undermine the credibility of an organization's leaders, as the CEO of the financial services company who showed an insincere video promptly discovered.

Even executives who take values initiatives seriously can sabotage them by adopting blandly nice ideals that fail to differentiate their company from competitors. Consider the motherhood-and-apple-pie values that appear in so many companies' values statements – integrity, teamwork, ethics, quality, customer satisfaction, and innovation. In fact, 55% of all *Fortune* 100 companies claim integrity is a core value, 49% espouse customer satisfaction, and 40% tout teamwork. While these are inarguably good qualities, such terms 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.

> If you're not willing to accept the pain real values incur, don't bother going to the trouble of formulating a values statement.

For a values statement to be authentic, it doesn't have to sound like it belongs on a Hallmark card. Indeed, some of the most values-driven companies adhere to tough, if not downright controversial, values. Siebel Systems, for instance, adheres to a set of authentic values that flagrantly counter the culture of Silicon Valley, where the company is headquartered. Professionalism, which tops Siebel's list of values, sets it apart from the frivolous cultures of many technology companies where pizza boxes, foosball tables, and sandals are de rigeur. Siebel's employees are barred from eating at their desks or decorating their walls with more than one or two photographs. As unacceptable as this may seem within Silicon Valley's playground-like corridors, it distinguishes Siebel from competitors and gives prospective and current employees a clear understanding that to succeed, they must act professionally at all times.

Intel, likewise, 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, for example, new employees are taught the art of verbal jousting without holding on to hard feelings. And founder Andy Grove is legendary for his willingness to challenge, even berate, executives during meetings. One of Grove's former direct reports fondly recalls being chastised by the former CEO during a presentation. Just a few minutes into the executive's 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."

Aggressively adhering to one's values can also help a company make strategic decisions. For example, Webcor Builders, a leading construction management firm in the San Francisco Bay area, used its core value of innovation as a strategic compass last year when it decided to purchase one of its vendors, a consulting firm that wired construction firms with high-bandwidth technology. The acquisition might have seemed foolish for a bricks-and-mortar company in the stodgy construction industry, but it worked. Thanks to Webcor's new business, architects and engineers who formerly relied on telephones and unwieldy blueprints can now collaborate electronically, saving both time and money. According to CEO Andy Ball, the move was "motivated by our cultural commitment to innovation as much as it was by market opportunity."

Own the Process

What's the first thing many executives do after they decide to embark on a values initiative? They hand off the effort to the HR department, which uses the initiative as an excuse for an inclusive feel-good effort. To engage employees, HR rolls out employee surveys and holds lots of town meetings to gather input and build consensus.

That's precisely the wrong approach. Values initiatives have nothing to do with building consensus – they're about imposing a set of fundamental, strategically sound beliefs on a broad group of people. Most executives understand the danger of consensus-driven decision-making when it comes to strategy, finance, and other business issues, yet they seem oblivious to the problem when it comes to developing values. Surveying all employees about what values they believe the company should adopt is a bad idea for two reasons. First, it integrates suggestions from many employees who probably don't belong at the company in the first place. And second, it creates the false impression that all input is equally valuable.

Consider what happened when a CEO of a technology company agreed to let the HR department spearhead a values campaign. When HR suggested, after many meetings and surveys, that collaboration should be one of the company's core values, he agreed without much thought. But just a few weeks later, while chairing an open meeting with managers, he completely disavowed this value by saying, "I don't really believe in teams; I believe that achievement occurs when individuals work independently." It's no wonder managers felt baffled and disappointed. As a senior executive who eventually left the organization explains: "The gap between what we were saying and what we were doing was just too great."

The best values efforts are driven by small teams that include the CEO, any founders who are still with the company, and a handful of key employees. Tony Wild, the CEO of pharmaceutical company MedPointe, wanted his business to have a unique culture, so he knew better than to make the values discussion a democratic process. Working with seven top managers, many of whom had helped launch the company, Wild focused on two core values: a can-do attitude and the tireless pursuit of results. The group chose those values based on an analysis of a few employees who personified qualities that executives most wanted to see adopted throughout MedPointe's culture. As for those employees who can't embrace or embody these values, Wild explains, "That's okay. They might be a better fit at another company."

Top managers also need to understand that a good values program is like a fine wine; it's never rushed. It is far more important for a values team to arrive at a statement that works than to reach a decision it may later regret. Executives should discuss values over a number of months; they should consider and reconsider how the standards will play out within their corridors.

Values initiatives have nothing to do with building consensus – they're about imposing a set of fundamental, strategically sound beliefs on a broad group of people.

Allowing time for reflection proved helpful to an international pharmaceutical company that wanted to establish a common culture after a series of acquisitions. The executive team, impatient after just a few hours of discussion to select the company's values and move on to other topics, nearly approved a list that included the word "transparent." The CEO wisely tabled the proposal in order to let the team ruminate on it and review it with key employees. They discovered that the term held a very different connotation in Europe than it did in the United States. The team made an important modification – changing "transparent" to "collaborative" – with the result that the chosen values were much more compatible with the firm's global culture.

Weave Core Values into Everything

So let's say you've nailed down the right values. What now? If they're going to really take hold in your organization, your core values need to be integrated into every employee-related process – hiring methods, performance management systems, criteria for promotions and rewards, and even dismissal policies. From the first interview to the last day of work, employees should be constantly reminded that core values form the basis for every decision the company makes.

Comergent, a young e-business company, has successfully created a strong culture around dependability, dedication, and self-motivation by integrating these core values into every system that directly touches employees. Job candidates, from receptionists to vice presidents, are screened not only for their skills and experiences but also for their fit with the company's values. During interviews, CEO Jean Kovacs and her staff ask frank questions about workload expectations and past accomplishments. To test their self-motivation and dedication, for example, Kovacs asks candidates to describe something they've accomplished that other people thought would be impossible.

After employees arrive at Comergent, they are reminded again and again that the company's values are more than just words. People are evaluated against the core values, and when it comes time to award stock, bonuses, and raises, Kovacs and her team again use the values statement as a metric. Even the decision to let someone go is driven by values. "I can work with someone who needs more coaching or training, but when it comes to our core values, I have to be intolerant," Kovacs explains. "That's what ensures the strength of our culture." Indeed, companies with strong cultures like Comergent's avoid having to fire many people.

Another company that effectively weaves its values into its organizational fabric is Siebel. It's impossible for a new employee to spend a week there without realizing that customer satisfaction is a core value. All the artwork on the walls comes from customers' annual reports, and all the conference rooms are named after customers. Even bonuses and compensation packages are awarded on the basis of customer satisfaction surveys conducted by an outside auditor.

After a company has embedded its values into its systems, it should promote those values at every turn. It's been said that employees will not believe a message until they've heard it repeated by executives seven times. 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. Consider how Nordstrom, a well-known example of a values-driven organization, constantly reminds employees of its core value of customer service. During orientation, rather than receiving a detailed handbook describing how to deliver great service to customers, new employees are told elaborate stories recounting the lengths fellow employees have gone to in order to wow clientele. The story of the representative who took back a customer's two-year-old blouse with no questions asked, told over and over, reinforces employees' belief that they work for an extraordinary company. And during nonstore hours, managers read customer comments, both positive and negative, over the intercom so that employees can hear firsthand how they are doing.

Another company that continually communicates its values, often in a way that verges on 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 to employees. "I come from Europe, where we find things like cheers to be typical of American superficiality," one management trainee told me. "But I must admit that the posters on the walls in the break room and the Sam Walton quotes that we read about are not silly at all." That's because management reinforces the core values with action. Historically, when employees have come up with new ways to provide excellent service to customers, for instance, they've been rewarded with cash and other forms of public recognition.

• • •

Given all the hard work that goes into developing and implementing a solid values system, most companies would probably prefer not to bother. And indeed they 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 in to politically correct pressures. And for organizations trying to repair the damage caused by bad values programs, the work is even harder. But if you are willing to devote your time and energy to creating an authentic values statement, there's a good chance that the resulting values will stand your company in far better stead than Enron's did.

Reprint R0207J
To place an order, call 1-800-988-0886.

the essential value set

After almost 25 years of work with thousands of leaders and hundreds of teams and organizations we have concluded that there is an Essential Value Set that is lived by those that are consistently winners. It is almost as if there is a universal set of principles of life effectiveness governing both performance and quality of life.

These principles help to explain why some companies more consistently perform well while being better places to work; why the output of some teams is more than the sum of the parts while many other teams are semi-dysfunctional; and why some individuals seem to do so much better in their careers and in their personal life.

These values and behaviors exist in all of us. Some are just able to more consistently exhibit them than others. They exist in each of us because they are there when we are at our best, operating at the top of our game.

Whenever we ask a group to make a list of what values, traits or characteristics that create fulfillment in life, most will list items that cover the majority of the essential value set.

We refer to it as a set because it is an interconnected and mutually supporting set of values and behaviors. All need to be present in sufficient strength to create the overall positive impact. In fact, if we find an organization or a team that is very strong in one and yet weak in another, we can accurately predict the dysfunctions that exist and the difficulties they will encounter.

What are these essential values?

The Performance Value

This might be called the "make it happen" value because little happens in life without action. It is described in different ways by different people as a performance orientation, a bias for action, resourcefulness. We believe the essence of this value is a belief in personal accountability. It is the exact opposite of a victim mindset. Whenever we exhibit victim tendencies we hold other people or events accountable for our results. We blame, make excuses, rationalize or live "in hope" that something will happen.

An accountable mindset is the opposite of this. Organizations lacking accountability often have an entitlement mindset versus a performance mindset. Too much time and effort are spent on explaining why numbers are missed and why it is not my fault.

The focus of energy in someone who really understands accountability is forward, not past oriented. The internal conversation is "what more can I do to get the result in spite of obstacles?" While most people consider themselves accountable, constant vigilance is necessary because even successful people, especially those who like to be right, can easily fall into justification versus action.

Bell Atlantic operating as a monopoly back in the early 80's was very entitlement versus accountability oriented. People had plenty of things to blame, from the hierarchy to the bureaucracy, and therefore didn't have to fully own results. The CEO put a priority on their value of accountability as a part of the new Bell Atlantic Way value set. Today, their successor, Verizon has dramatically higher levels of accountability as a part of the company's values. In today's complex interconnected world, the strength of the team has become more important than the strength of an individual. There are very few "star systems" left and high-performance cultures are a collection of high-performance teams. The collaborative value shows up as teamwork and mutual support. It is people playing win-win versus win-lose games internally and being willing to make decisions for the greater good versus self-interest.

Unfortunately, the greatest energy loss in organizations, next to the blame game, is we-they, turf issues and silos.

Great leaders build great teams and interconnected teams create a healthy, high-performance culture.

The Collaborative Value

People can be personally accountable and still be ineffective in the grander scheme of things because they aren't collaborative. In today's complex world, no one can do it all alone. Teamwork is what we call the optimization factor of a high-performance culture. Successful business solutions require interdependence, instead of independence, on the part of individuals, functions and business units. Shared services, customer solutions, and implementation of major systems all require cross-organizational collaboration and a willingness to make decisions for the greater good.

The collaborative value is often missing because we live in a society that values independence over interdependence. We tend to have thought habits that say "for me to win, someone else has to lose." That habit leads to silos, turf issues and we-they behaviors. Without good teamwork, organizations can be afflicted with misdirected competitiveness, individualism ("what's in it for me?"), over-inflated egos, personal ambition, and interpersonal conflicts. All of this detracts from the organization's ability to productively and economically accomplish all its objectives.

When collaboration is optimized, departments are not competing with one another but are actually linked, and recognition comes from how well the company meets its overall objectives, not from how well an individual or department performs. Teamwork means understanding that each victory spells success for the whole company.

The Change Value

Healthy individuals, teams and organizations are continually learning and growing. The longer term success of individuals and organizations is closely tied to their agility and responsiveness. Agile organizations are governed by values and guiding behaviors versus policies and procedures so that they are more fluid versus bureaucratic. Organizations low in the change value tend to have what we call an observer/critic/judge mindset. That is a tendency to see why things won't work as opposed to determining how to make them work. Individuals that do well at change are resourceful and innovative when it comes to ideas and open to feedback and coaching when it comes to personal growth.

Ethics and Integrity

Ethics and integrity are considered a foundational value in most organizations. In fact, when you speak to most people about values, they often think exclusively only about things like integrity and respect, as compared to the broader essential value set described here. Many of the massive failures in the '90s and early '00s have been due to breaches in the ethics and integrity value. All that has indicated it is important not to take that for granted but to ensure it truly is the foundation of the organization. The word integrity itself implies a consistency between word and deed. It goes beyond financial integrity to a question of whether leadership really does walk the talk.

The Personal/Organizational Health Value

We believe there is another foundational value that is not as well understood or utilized in organizations. The closest most companies come to focusing on organizational health the way we would describe it is in recognizing the need for openness, trust and respect in the organization.

When in a healthy state of mind truly individual and organizations tend to be:

- More hopeful and optimistic
- Able to generate positive versus negative energy
- Assume best intentions versus motives in others
- Tend to be more present and listen to one another and different points of view

These qualities are often underestimated when they are in fact the subjective quality that makes a company great for its employees as well as its customers.

There is a parallel to organizational health that exists in individuals. It can be found in people who are more positive, hopeful, optimistic, flexible and creative. In recent years, much has been written about the notion of "emotional intelligence." Research has shown that people with high EQ do better in life and are better leaders.

We believe the health value described above is the foundation for all the values. When people have a healthy state of mind they are automatically at their best. They are connected with their innate health. In this state they are more accountable, more collaborative, more open and trusting, more ethical and in integrity and more resilient and open to change. In other words they are living the essential values. ■