

# VALUES – GUARD RAILS FOR ALIGNMENT AND EXECUTION

- ▲ Values communicate the ways we make decisions as we pursue our Vision through our Mission
- ▲ Values are vital as a guidance mechanism for Mission and Vision
- ▲ Organizations develop different types of Values – some more effective than others
- ▲ Values assist leaders in developing clarity of purpose for the organization



**Organizations do well when they establish a Mission and craft a Vision. Mission spells out clearly what it is we do. Vision vividly outlines and connects us to the purpose for the Mission.** However, they do not stand alone. Having a Mission and a Vision is akin to blowing up a balloon (Mission) full of air to take us to our destination (Vision). Once we let go, what happens? Absent some guidance, the balloon could go any number of ways. Values are that guidance system. Vision informs us about where we want the balloon to go. We use Values to regulate how much air to release and when; values act as the guidance fins to harness the air at just the right speed to propel us toward the True North of our Vision.

**Values then, are the concepts by which organizations can reliably guide their decision-making and actions.** Values initiatives have nothing to do with building consensus – they are about imposing a set of fundamental, strategically sound beliefs on a broad group of people. What values organizations elect to follow, and how well they adhere to them, fundamentally informs the culture and how people are expected to think, act and behave in order to fit in and perform well.

**Balloons by their nature can be delicate; it is important, then that the guidance system not be overly elaborate.**

Values should therefore be simple, straightforward, easy to communicate and implement. And not too many...

## **Values Require Backbone**



**Committing to strong values – and sticking to them – requires real guts.**

When properly practiced, values can inflict pain. They may 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. Misused, they lead to apathy and disengagement

The noted writer about organizational behavior, Patrick Lencioni, describes **Values as falling into certain distinct categories: Core, Aspirational, Accidental and Permission to Play (table stakes).**

Core values are likely extremely limited, and members would likely endure some check or punishment rather than violate them. History recalls that Sir Thomas More was Henry VIII’s Chancellor. In the play “A Man for All Seasons,” More is challenged by a young zealot about doing what it takes to achieve his aims, including breaking

long-established legal precedent. More responds by asking the young man if he were pursuing the devil through a dense forest, would he chop down all the trees to get at him?

**Naturally, the young man replies that he would.**

Then, More asks the young man, “Suppose you chopped down all the trees and in chasing Satan, you came to the sea and He turned on you... where would you hide, the forest now gone?”

More went on to explain that the law was like the forest. He chose the law as one of his core values. We know that More lost his life rather than violate his core value. While that is rather extreme, it frames the concept well. Unfortunately, it clashed with Henry’s core value of preserving the Monarchy at all costs, including taking More’s life.

Naturally, this is an extreme example. In business, people are rarely willing to give up their lives. Two business stories highlight how values become a clear indicator of the integrity of the values espoused.



In the 1990's, Enron was a high flying, fast moving organization that was the darling of corporate America. The Houston-based company at its height boasted over 22,000 employees. Within a very short time, the company had spiraled out of control and declared bankruptcy in 2004. In May 2006, Skilling was convicted of 19 counts of conspiracy, securities fraud, insider trading and lying to auditors. In his role as CEO, he maintained a facade of success as Enron's energy business imploded. For his failure, he was indicted, convicted and sentenced to 24 years in prison.

**An example of their failure to uphold their highly publicized values was the behavior of its CFO and Board Member, Andrew Fastow.** To continue to build revenue on Enron's balance sheet, Fastow undertook an elaborate process of establishing special partnerships to bundle assets and secure loans. The board of Enron, understanding that Fastow's involvement in these partnerships was a violation of its code of ethics, voted to suspend the code of ethics' application to Fastow while these partnerships were active. Other employees, witnessing this type of behavior, followed suit to disastrous consequences.

**In its annual report to shareholders, Enron listed its core values as follows:**

- 1. Communication** – We have an obligation to communicate.
- 2. Respect** – We treat others as we would like to be treated.
- 3. Integrity** – We work with customers and prospects openly, honestly, and sincerely.
- 4. Excellence** – We are satisfied with nothing less than the very best in everything we do.

The failure to follow through on values caused the values, the "fins" on the balloon, to malfunction, driving the business into the ground.



**By contrast, Southwest Airlines has a very simple set of values. Its late CEO, Herb Kelleher, exemplified a steadfast commitment to upholding them.** A frequent flyer nicknamed Pen Pal, the holy grail of every airline, habitually sent detailed complaint letters to the management at Southwest. Her last letter, reciting a litany of complaints, momentarily stumped Southwest's customer relations people. They bumped it up to Herb's desk, with a note: 'This one's yours.' In sixty seconds, Kelleher wrote back and said, 'Dear Mrs. Crabapple, We will miss you. Love, Herb.' **In one brief note and action, Southwest's CEO firmly upheld the Servant's Heart: Living the Golden Rule, treating others with respect and embracing the Southwest family.** With this type of insistence on a core value, their fully energized balloon has high functioning fins on it, guiding them as they strive to become the world's most loved, most flown and most profitable airline

**Group 1:**  
**Live the Southwest Way**

- Warrior Spirit
- Servant's Heart
- Fun-LUVing Attitude

**Group 2:**  
**Work the Southwest Way**

- Work Safely
- Wow Our Customers
- Keep Costs Low

# Hope is Not Enough

Organizations often espouse what they believe is a core value, but they ignore the consequences upon their violation. Although not flouted as in the Enron incident, these are more likely aspirational values to which a company truly wishes to uphold but fail to do so consistently. For example, a company adopts the value of respect. However, employees at all levels are routinely late for meetings or multi-task during them. They would like to respect one another, but it isn't really happening. More likely, the culture has created an accidental value that, in order to "get things done," over-scheduling and attempting to do two things at once are viewed as acceptable. These accidental values come into being because of real behaviors within the organization. Running late becomes the norm, disrespecting those who made the effort to be on time and prepared. The espoused value may look good as part of an external value proposition, but internally, it churns time and reduces engagement, costing the organization in several areas.

Values statements today are ubiquitous; **80% of the Fortune 100 tout their values publicly - unfortunately, these values often stand for little but a desire to be perceived as mainstream or, worse still, politically correct.** Empty values statements create cynical and dispirited employees, alienate customers and undermine managerial credibility. These "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.

Your organization's Mission and Vision create tremendous energy and the potential for movement. An effective guidance system, carefully considered Values, provide the members with clear understanding of what is advisable and useful in pursuing their objective. How well leaders ensure adherence to these values contributes largely to the outcomes that result.

**Leaders who insist on choosing their values carefully, matching their internal and external value propositions and having the courage to follow through can look forward to a healthy culture and strong, sustained growth.**



**55% OF ALL  
FORTUNE 100 COMPANIES  
CLAIM INTEGRITY  
AS A CORE VALUE,  
49% ESPOUSE  
CUSTOMER  
SATISFACTION AND  
40% TOUT TEAMWORK.**