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HOW TO GET YOUR CORE VALUES RIGHT

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How do you make your culture real and have an impact on your long-term success? By taking advantage of one of your most important, yet often underutilized, organizational assets: your core values. Most organizations have them, but many do not take the necessary steps to accurately define and fully live their core values day in and day out.

Core values are the words that describe who you are and what you collectively stand for. These values connect people energetically to each other and the organization, providing a sense of pride and purpose. They are the guiding light and foundational principles over the long-term, during good times and bad. Core values are the words that empower each person regardless of where they are in the organization when making decisions or taking actions with different stakeholders.

> "Culture and values provide the foundation upon which everything else is built. They are arguably our most important competitive advantage, and something that has grown to define us. It's one thing to change the world. It's another to do it in our own unique way."
>
> **— Jeff Weiner, CEO of LinkedIn**

Core values aren't just 'nice to haves'. They offer real and tangible business impacts. Research shows that organizations that fully live their stated values have higher productivity and profitability and more easily attract talent than those who do not.[1]
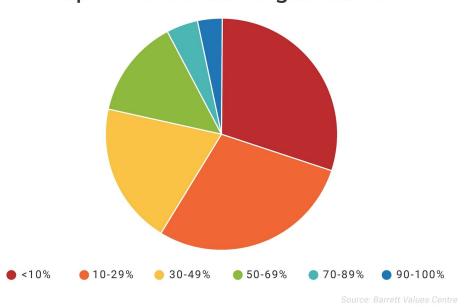
Despite how important they are, there is often considerable difference between the values on the wall and the values actually experienced by employees. Our research of 631 organizations from 36 industries and 54 countries found only 3% of organizations had their complete set of espoused core values fully present in their current culture.

Not a single espoused core value was recognized by employees in 28% of the organizations surveyed, indicating that these organizations are missing out on the positive benefit deeply embedded core values can have on recruitment and the bottom line.

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[1] Guizo, L., Sapienza, P., & Zingales, L. (2013). The value of corporate culture. *NBER Working Paper Series*. http://www.nber.org/papers/w19557

Percentage of Espoused Core Values
Experienced within Organizations

● <10%   ● 10-29%   ● 30-49%   ● 50-69%   ● 70-89%   ● 90-100%

Source: Barrett Values Centre

Since simply having core values is not enough, here are the important 'do's' and don'ts in order to take your values off the wall and put them into action:

- **Choose 3-4 core values max**. No more than that. A mistake that is often made is that there are too many core values, which a) people cannot remember, and b) they begin to compete with each other. Convey each value so that it is either a single word or a very simple phrase, so people can keep them top of mind – especially when they are most needed to make an immediate and important decision. The shorter the word or phrase (one or two words) = the more memorable they are.

- **Reflect the DNA of your organization**. What differentiates you from competitors? What attracts people to come and then stay with your organization? What are employees most proud of and resonate with? By answering these questions, you can select values that most exhibit your persona, what defines you, and ultimately, who you are. These are the words that give life to your people, rather than standard platitudes or a list of well-meaning words.

"The only competitive advantage we have is the culture and values of the company. Anyone can open up a coffee store. We have no technology, we have no patent. All we have is the relationship around the values of the company and what we bring to the customer every day. And we all have to own it."

— Howard Schultz, CEO of Starbucks

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- **Keep the long-term in mind**. Your values need to reflect not just who you are today, but who you will need to be in the future to realize your purpose. While this doesn't mean that your core values may need to change over time to support a new vision or strategy, it's important for them to have continuity and longevity to provide stability and clarity as to who you are and what you stand for.

- **Take your time**. Slow is fast when choosing core values. Allow time for the data to be collected and then percolated. Test the draft values with select groups to get feedback before launching them to the collective.

> "Our values say in a few words what is important to us, not just the executive, so ensuring staff had a voice in the process was critical."
>
> — **Marni Johnson, VP of Human Resources and Communications of BlueShore Financial**

- **Get full voice and input from employees**. Vision, mission, and strategy come from the top. The values need to resonate with the people who will be taking ownership of them – and that means everyone in your organization. Having a few well-meaning executives create the list of core values will reflect what is important to them; not the collective. No one wants values imposed on them.

How to Give Employees a Voice

As you begin to develop or redefine your core values, it is crucial to collect data from key groups to understand the various perspectives within your organization.

- Interview your leaders about their values, principles, virtues both personally and as leaders. Ask them about the behaviors they have seen that have represented the organization at its highest and best.
- Interview your highest performers / best people who work there now and who worked there before. What motivated them to do their best work? What guided them in their actions and decisions?
- Research into the values of the founders / foundation creators.
- Collect stories or examples that reflect each value.

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- Start with a group to come up with proposed values and reasons why. Invite their internal reflection as they consider themselves a fractal representing the whole.
- Get input from larger or other stakeholder groups.

- **Clearly define each value**. What is the context of the value in your culture? Brief definitions for each value promote clarity and common understanding while highlighting the uniqueness of how you operate. A short explanation of the meaning of each value gets everyone on the same page.

"It's impossible to win the hearts and minds of people unless you clearly establish goals and values and reward people if they act in a way that leads to the fulfillment of those objectives."

— **Robert Salerno, CEO of Avis**

- **Outline each value's expected behaviors**. Create a few, short behavioral statements that describe how the values are to be lived within your organization. You don't need manuals or long descriptors that outline every nuance of what is expected. People are smart and will get it, especially when they see them in action.

- **Role model the values every day**. While definitions are important, people learn what is acceptable and not acceptable by observing the behaviors of those around them – especially from the top. If your leaders aren't a living embodiment of your core values, any other efforts you put forward to embed them are in vain.

- **Connect to systems and processes**. Your values will impact hiring, firing, communications, performance evaluations, marketing, client relationships – essentially everything you do. By getting clear on how your systems and processes will be affected by your core values gives you the opportunity to further embed them into your way of being.

"This is not about fuzzy, holding hands around a campfire, kumbaya stuff. That's not what values and culture and mission is about. This is about building an organization for

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success. This is about winning. This is about doing the tactical things to make sure your organization and your people are aligned around the same thing."

— **Justin Moore, CEO of Axcient**

- **Make them measurable**. When defining your values and underlying behaviors, you want to ensure that they are observable and measurable so you can clearly recognize when they are being lived, or not. Otherwise, how will you be able to reward people who demonstrate the values? By regularly measuring and monitoring the values both lived and wanted within your organization, you are able to track the impact of your initiatives and adjust your course as needed.

- **Be willing to stand firmly behind them**. Clarify what the consequences will be when someone does not live the values, particularly if that person is a high performer or long-timer. Then if someone contradicts a value, you have a plan in place to take corrective action immediately. *Remember: The core values are going to be your guiding light for good times . . . and especially in bad times*. Your culture can quickly become a reflection of the worst tolerated behaviors so nipping unwanted behaviors in the bud is essential.

"We believe it's really important to come up with core values you can really commit to. And by commit, we mean that you're willing to hire and fire based on them. If you're willing to do that, then you're well on your way to building a company culture that is in line with the brand you want to build."

— **Tony Hsieh, CEO of Zappos**

And now, a few classic 'don'ts' to watch out for:

- Consider the magnitude of the words. For example, don't choose 'people' as a value. These kinds of words are too large to be of real meaning. Be clear that there is a difference between what you value and the values you live by.

- Avoid the usual suspects – integrity, excellence, teamwork, etc. – unless your organization plans to be 'the' poster child for it, e.g. Nordstrom and 'customer service'. The standard values that one sees everywhere are table stakes.   No need to state the obvious.

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- Stay away from combined values, e.g. 'quality continuous improvement', which lose meaning and lack intuitive understanding.

- Values should not be chosen with the intention to impress the market. These are an inside job. And when you live them fully, the market will know.

Best Practices for Embedding Core Values

- Senior leaders use these words in their day-to-day vernacular.
- Share stories that reflect the values in action and make them visible and viral within your organization.
- Performance appraisals include evaluation of how that person, especially anyone in a leadership position, is living each of the values.
- Make the values visible such as on company stationery, in your communications, and on your website.
- Get input from larger or other stakeholder groups.

Ultimately, upholding your culture is everyone's responsibility. However, the tone for how your organization operates is set by the core values established for your organization. These are the values role modeled every day by leadership. The values that are embedded in the systems, processes, and policies. The values that you recognize and reward people for.

Efforts to build and sustain a values-driven organization is an enriching journey, not a project. It is not an added initiative, but rather the 'how' all your initiatives and business are carried out. Values reflect what people stand for and believe in, and thus are proud of. Your core values are the glue that hold everyone in your organization together and what moves the collective forward that much faster to achieving its objectives and dreams.

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