



Practising what is preached for peak performance: 5 steps to manage the values gap in organisational life

"Those are my principles. If you don't like them I have others."
Groucho Marx

It is summer 2001. Fortune magazine has tipped a company as one of its top 10 stocks to last the forthcoming decade. The company has already won a string of awards, including Fortune's "America's Most Innovative Company" for the previous 5 years. In 2000 it won the Financial Times' "Energy Company of the Year" award and "Boldest Successful Investment Decision". It is ranked as America's seventh largest corporation by revenue. It is supported by two huge professional services firms - both McKinsey and Anderson earn tens of millions of dollars a year helping this company develop, achieve and record its strategy.

This company's corporate values of 'RICE' were publicised in 1998 and a whole range of merchandise, media and mementos were used to communicate these widely. This company won plaudits for its Brand values and internal communications strategy.



Exhibit 1: A selection of memorabilia to the RICE values

These are the values:

- *Respect*: We treat others as we would like to be treated ourselves. We do not tolerate abusive or disrespectful treatment.
- *Integrity*: We work with customers and prospects openly, honestly and sincerely. When we say we will do something, we will do it; when we say we cannot or will not do something, then we won't do it.
- *Communication*: We have an obligation to communicate. Here, we take the time to talk with one another... and to listen. We believe that information is meant to move and that information moves people.
- *Excellence*: We are satisfied with nothing less than the very best in everything we do. We will continue to raise the bar for everyone. The great fun here will be for all of us to discover just how good we can really be.

Impressive, eh? It would be nice to work in such a place, we think. But wait a minute, it turns out that the company in question was Enron.

That's pretty sobering! Does this mean we should have a healthy distrust of all corporate value statements? What can we learn from this in thinking about the application of values at work?

Two more examples

Let's look at another example in a very different sector. In autumn 2005, the English National Health Service (NHS) explored the possibility of 'reaffirming' its values. Actually, when looking back at various documents published since the creation of this beloved public organisation it is clear that the values have never been consistently stated, beyond the exception of 'free at the point of use'¹. The 2005 value statements were published in a draft NHS Pledge as shown in Exhibit 2.

¹ This is more a design feature of a service. For us a stated 'value' is trying to get at the benefit that comes from the human interaction or relationship that is involved in delivering a product. In this article, we are not exploring some of the conceptual distinctions between ethics, values, beliefs and behaviours.

- Our purpose
 - Helping you to keep well
 - Making you better
 - When we can't, helping you to get the most out of life
- The values that we hold dear
 - Care for all, based on need, not the ability to pay
 - Respect, dignity and compassion
- What you should expect from us
 - Safe and high quality treatment and care
 - A comprehensive and convenient service
 - The opportunity to make informed choices
 - Advice on how to live a healthier life
- How we will work to deliver this
 - With you, our partners and each other
 - Openly, honestly and in confidence
 - By being a good and responsible employer
 - By spending your money wisely
 - By contributing positively to the community

Exhibit 2: Draft NHS Pledge, 2005

The Pledge statements were published at www.ourpledge.nhs.uk. However, the consultation site was soon shut down in face of cynicism from NHS staff and much feared media attention. The attempt to agree and publish a 'Pledge' to guide NHS behaviour in clinical practice as well as formal contacting was shelved.

In contrast, in 1996 staff at a Cambridge-based consulting firm were used to the MD walking about and challenging staff who he knew had not been recording client calls or saving documents on the company intranet. Why? Because he valued the ability of all to know what was understood by a few. He saw the commercial benefit. He expected a certain sort of behaviour. He demonstrated it himself and demanded it of others.

Exploring the implications for organisational development

What can we learn from these three stories? We have studied the role of formal statements of belief and behaviour in these and many other organisations. What we see is that formal value codes appear all the time. The desired ways of acting are written in memos, framed on walls, shared on websites and exhorted in speeches. But what we discover is that these are only part of the story and that over-attention to these cultural emblems misses the point almost entirely.

In fact, the critical things happen before a value statement is decided and after it is agreed. Diagram 1 outlines what we see as the essential 5 steps in successful work on values and behaviour.

Diagram 1: The ~~idONK~~ 5 level values model

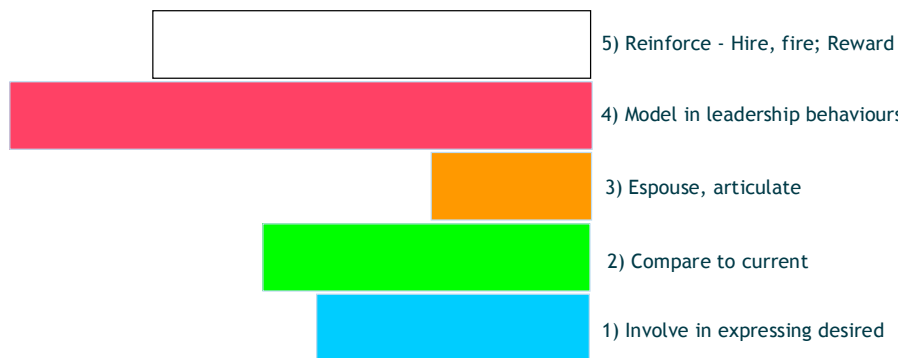


5. **Reinforcing** through integration in recruitment, reward, appraisal, performance management policies
4. **Modelling the desired** norms in leadership behaviours - supported by feedback, coaching.
3. **Articulating the desired** values/behaviours in various communication texts (cards, posters, leaflets, DVD etc).
2. **Exploring** and understanding the **current values** in use - and honestly acknowledging any performance gaps or challenges in comparison to those aspired to.
1. **Involving** staff (and sometime stakeholders) in describing the **desired values** of a team, organisation or system.

It is step 3 that gets the most attention time and time again. Amazingly steps 1 and 2 rarely occur - and ironically are most likely to when values work is part of a re-branding led by an advertising agency. And as we will see, it is steps 4 and 5 that are absolutely crucial to invest in and get right.

In organisations we often find attention is given in inverse importance to the steps in this framework. Diagram 2 gives an idea of the amount of effort we think is needed at each stage - a reflection of what needs to be done, the size of the agenda for each step.

Diagram 2: Where attention needs to go in formal values work



At the heart of the Enron story is the failure to adequately address levels 4 and 5. The NHS case illustrates the jeopardy in assuming that staff share the values being described (level 1), or that they see the gaps between theory and action - between rhetoric and reality - that others in an organisation or system notice (level 2). The story of the consulting firm highlights the importance of leadership behaviour in embedding values.

Without that, any values programme is really just hot air. Indeed, at worst, these sorts of interventions are not neutral. They are binary in either prompting the right behaviour or promoting cynicism.

This lesson can be seen time and time again in our study of organisations. The pattern is repeated - almost to the point where it must be asked are the leaders serious, or merely engaged in a charade to impress external commentators and spin to staff. Inauthentic approaches are not sustainable.

Better examples? And the link to business performance

We are sometimes asked, so who does this well? Which organisations are the leaders in this type of work? There is a risk in highlighting whole companies, for we know that no human institution is perfect. But we are aware of parts of many organisations in all sectors that do well with this sort of approach, often due to the behaviours of a particular line or executive leader. There are also many examples shared with us where the story starts “well such and such used to be good at this”. This demonstrates the fragility of any work that is fundamentally about culture. The behavioural tone of a place is created and recreated, enhanced or damaged, each moment of each day.

Maybe one surprise is that the most quoted examples come from commercial sector companies, such as GE, Proctor and Gamble, Virgin, Gortex, Tesco and Toyota. Some assume this is because public and charitable bodies have this sort of values based leadership and organisation all sorted. However, in our experience, what we call ‘noble purpose’ organisations, like the NHS, face a real risk in assuming that the values are self evident and held by all and therefore need little attention in terms of naming, nurturing and demonstrating. What the commercial sector stories show is that businesses who lead their sector demonstrate a frequent correlation between their financial success and consistent expectations of behaviour.

Conclusion

The way that people behave in an organisation creates the culture of that place. Attempts to create positive relationships between staff, and with customers, continue in many organisations. Formal value statements and programmes are useful managerial tools and an important part of the leader’s ‘armoury’². However, it’s vital to learn from the lessons of those who have failed in their use of such methods . We offer our 5 levels values model as a checklist to inform managerial action with an encouragement to promote consistent action to live your promise.

“You must be the change you wish to see in the world”
Mahatma Gandhi

² We use the language of toolkits and military metaphors carefully. These terms imply certain values. These are part of the dominant discourse, and in another place we would deconstruct the meanings and implications of these mindsets. Not for now, though.