LeaderPerfect Newsletter
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Corporate Values? Or Corporate Virtues?
by Dr. Mike Armour

In post-Enron America, business is placing unprecedented emphasis on values and ethics. Companies everywhere are working to articulate their defining values. Like many executive coaches, I'm regularly asked to help in this exercise.

When talking about corporate values, I commonly invite leaders to consider the distinction between "values" and "virtues." These two concepts, while closely related, are significantly different. If I ask you what you value, you will tell me what you believe in. But if someone describes your virtues, they will tell me how you behave. That's because we espouse values, but we embody virtues.

Or worded another way, virtues are values held dear enough that we translate them into action. A colleague recently explained it like this. "Virtues," he said, "are values with legs."

Beyond Lip-Service

Ideally, all of our values would have "legs." That is, our corporate life would fully embody every value we espouse. We would unfailingly walk our talk. Unfortunately, that's not always the case. Individuals and organizations frequently hold to values — even passionately defending them — that never get more than lip service. (Take a moment to list your organization's values, then ask yourself, "Which ones of these are indeed corporate virtues?")

I know organizations who pride themselves on empowerment as a core value. But when you talk to workers who are supposedly "empowered," you find them constantly on pins and needles. One little mistake, they fear, will lead to immediate censure. Why such fear? Because they've experienced a corporate culture that talks empowerment, but practices tight-fisted control. They find themselves in an organization where empowerment is merely a value, not yet a virtue.

Transformational Leadership

When there's a sharp disconnect between espoused values and what the culture actually embodies, workers and volunteers have a name for it. They call it "corporate hypocrisy." And they lay the blame squarely on top management, as well they should. A primary duty of leadership is to translate corporate values into corporate virtues.

Yet that's a tall order. It calls not merely for leadership, but for transformational leadership. Why? Because defining values is an intellectual exercise. Developing virtues is a transformational enterprise.

Thus, to translate values into virtues, leaders must be adept at transforming corporate culture. This means first and foremost that leaders must set the example themselves. They should never expect their organization to embody virtues which they do not embody themselves.

Second, leaders must align rewards with desired virtues. Several years ago, a major national bank identified customer retention and satisfaction as one of its primary values. It launched a high-dollar publicity campaign, both internally and externally, to promote its commitment to this value.

But customer retention was never factored into bonuses and promotions. Instead, bonuses and promotions continued to be based on how successfully a loan officer sold certain high-profit products and services. Selling was rewarded. Customer retention was not. And needless to say, for all the talk about keeping the customer satisfied, customer turnover made no improvement. Customer retention never became a virtue.

Third, "hero stories" must reinforce desired virtues. In every organization there are stories about individuals whose behavior is held up for praise and admiration. These are the people who become corporate heroes. Leaders should purposefully foster only those hero stories that reflect desired virtues. If team cooperation is a desired virtue, don't celebrate the accomplishments of people who achieve great things by striking out on their own. If you want to be known as an organization with a family-friendly atmosphere, avoid telling hero stories about people who consistently work 70 hours a week.

Building Strength

Our word "virtue" is derived from the Latin term *virtus*, which means "strength" and comes from the Latin word *vir*, meaning "man." In effect, "virtue" originally meant "what makes a man a man." Our virtues are our strengths, both corporately and individually. They make us what we are.

To the Romans a man without *virtus* was a man without strength. Likewise, an organization is only as strong as its genuine virtues. Virtues don't just happen. They are developed through discipline. And through leadership — the leadership of men and women know how to "put legs on values."

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