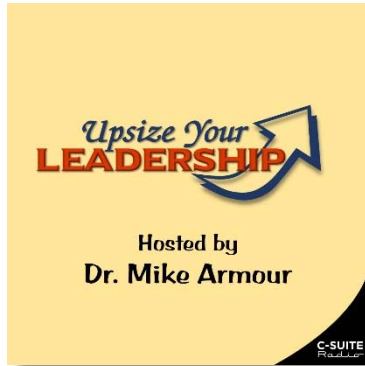


What Values Actually Steer Your Corporate Culture?

Hosted by Dr. Mike Armour

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Any book which you read on leadership, any workshop on leadership which you attend will at some point underscore the importance of values. Personal values. Corporate values. Shared values.

My books and workshops on leadership make the same point. In fact, I believe that it's more important for leaders to be clear on their values than to be clear on their vision. More about that in a moment.

Moreover, I've never had anyone object that values are not important in leadership. Everyone gives lip service to values. I say "lip service," because what I often find is a great disconnect

between the values which an organization espouses and the ones on which it operates. I call this the disconnect between espoused values and embodied values.

Today I'm going to give you a simple way to determine whether your corporate values are merely espoused values or embodied values. Bringing those two sets of values into congruence is one of the surest ways to Upsize Your Leadership.

Shortly after I opened my leadership development firm in 2001, a longtime friend asked me to engage with his company. He was an amazing leader who five years before had begun an equally amazing company.

He started it with four other executives whom he knew well. They had worked alongside each other for years. They had similar outlooks on business, similar views of management, and importantly a shared set of values.

All five of these people had extensive international experience running large, complex projects. They decided to draw on that experience by building huge recreational venues around the globe. They got their feet on the ground with an initial project in the U.S., and in short order they were building worldwide. By the time he called me, they were active on four continents with over 500 employees.

He started our phone conversation, however, by saying, "I need your help, because the wheels are starting to come off. We've got to get things turned around."

Their rapid growth, it turned out, had undermined their original values, those critical values which he and his four friends held in common when they started the company, the very values

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which had steered the company's early success. Those original values held for the first two or three years. But then their influence began to wane.

As expansion on other continents gained momentum, the company had added dozens of managers and executives from places around the globe. Needless to say, these newer members of the management team had their own set of values, shaped by the norms of their own culture. And all too often, their values were inconsistent with the values of the founders.

You can easily imagine what this led to. Incompatible styles of management existed side by side. Members of management were regularly in conflict with one another on critical decisions. Quality standards differed markedly from region to region. In a word, the wheels were starting to come off.

His proposed remedy was to reorient the company globally around a universal set of shared values. But first, he needed the top tiers of management to be agreed on what these values should be. That's where I came in. He wanted me to facilitate a process by which 15 of the top managers would jointly articulate a set of corporate values for the company.

We carved out a full day in Dallas for the facilitation. We met around a large conference table, with several flip charts at the ready to capture our ideas. I began by asking everyone to spend about three minutes writing down a personal list of proposed company values.

These individual lists were then shared with the room. Each person also outlined the rationale for advancing his or her recommended values. Meanwhile, I manned the flip charts, writing down each value which was mentioned. Whenever someone repeated a value already on the list, I added checkmarks beside the value to indicate how many times it had been recommended.

By the end of this process, we had 35 possible values on the flip charts. We obviously had to pare that number down. I suggested – and everyone quickly agreed – that our final list should have no more than seven values, and ideally, no more than five.

For the next several hours we worked at narrowing the number of values on our master list. Some were simply eliminated. Others were merged with a similar value and reworded as a single value. Others were combined and stated as a higher value which embraced the ones that we had combined.

Eventually, we had our final list. We had reduced the original set of 35 values to seven, still more than I would have preferred, but the best that we were able to do. At that point I moved one of the flip charts closer to the group, turned to a fresh sheet on the flip chart, and wrote out a smooth copy of our final list. We took one last vote, and everyone agreed that this was the list to be promulgated.

But our work was not over. I took a seat at the table, looked around and said, "You've paid me for a full day of facilitation, and we still have a couple of hours left. Would it be okay if I used some of that time to learn a little bit more about your company?" Most heads around the table nodded.

"I just wonder," I said, "about your corporate heroes. You're five years old, with hundreds of employees. And by now most companies your size would have some hero stories in their culture." I then explained what I meant by "hero stories."

I asked, "Do you have individuals who are known and admired throughout the company for what they have accomplished? For instance, let's say that I went to work for your company. In my first 30 days, in casual conversation, in group meetings, or over coffee, I would hear about these people and the amazing things which they have done. Do you have some stories like that in your company?"

The woman directly across the table from me immediately nodded her head. I turned to her and said, "Tell me one of those stories." She did. And before she finished, others were indicating that they, too, had a story to tell.

After we had heard four or five of these stories, I jumped up from my chair and went to one of the other flip charts. "Tell me," I said, "what values were reflected in what these people did that led them to be seen as company heroes?" In short order, we had identified more than a dozen values implied by these stories.

At that point, I grabbed the flip chart, took it over to the table, and set it right beside the flip chart which contained our final list of values. Strikingly, there was almost no overlap between the two lists. The executive team had just adopted a set of values which were totally different from the values behind their hero stories.

So, I continued my hypothetical. I said, "Let's imagine that as I go to work for your company, the orientation session introduces me to the values which we've agreed on today. Perhaps I see them also in the employee handbook or posted in displays along the halls. I'm quickly acquainted with your corporate values."

"But now, over the next few weeks, I start hearing these hero stories. I start noticing the kinds of behavior which the company culture celebrates. As a new employee, what am I likely to decide are the true corporate values? The ones posted along the hallways? Or the ones celebrated in hero stories?"

I had no more than asked that question before I saw the lights start coming on in people's eyes. They saw the incongruity and immediately recognized its significance.

"So, what should we do?" one of them asked. "What do you think you should do?" I replied. Another person answered, "It sounds to me like we need to get a new set of hero stories."

When it was apparent that his comment had struck a resonant chord in the group, I reinforced his observation. "If you want your people to take our new list of values seriously," I said, "you need to quit telling the old hero stories for a while and find hero stories which capture the essence of our new corporate values. If your espoused values differ from the values embodied in your hero stories, people will conclude that the espoused values are just that – merely espoused. Not the real company values."

About six years later I had to draw this same distinction with an executive vice-president of a major defense manufacturer. The company had engaged me to coach him on a variety of senior executive skills. In our first session, I asked him what personal values he wanted to instill in his workers. I've asked that question of dozens of people in top management positions. But he is the only one who ever started with, "A healthy work-life balance."

Surprised at his response, I asked him why work-life balance was so important to him. Over the next five minutes he built a compelling, cogent rationale for emphasizing this value. He had clearly thought the issue through.

Because I was coaching him on presentation skills among other things, I needed to see how he handled himself before large groups. Therefore, I occasionally shadowed him when he was speaking to dozens or even hundreds of employees at a time.

In one of the earliest presentations which I observed, he interrupted his prepared remarks to offer some commendations. He reminded the group that four or five months earlier, there was considerable concern that a specific contract had fallen far behind schedule and the delivery date was fast approaching.

“Well, I’m glad to announce,” he went on, “that we met that delivery on schedule. And it’s all because of the work of five people who are in this room.” At that point he named the five and invited them to stand up. “For two and a half months,” he said, “these five people put in sixty to seventy hours a week to get us back on schedule. I think we should all give them a big hand.”

Only a few days later, I watched as he did something similar in another presentation. The people he recognized were different and the project was different. But again, he singled them out for weeks of twelve and fifteen-hour days.

I therefore started our next coaching session by telling him, “I think you should stop talking about work-life balance so long as you are going to publicly celebrate employees for violating that value. Your workers will believe the values which you celebrate, not the values which you espouse. And once they conclude that you are not serious about your espoused values, you will lose credibility every time you talk about them.”

To his credit, he instantly recognized the contradiction between what he advocated and what he celebrated. But he completely ignored my advice. He continued to talk about work-life balance. But he quit celebrating people who ignored it. It turned out that he really did believe in his espoused value.

Have you thought about similar incongruities in your own leadership? Are there places where your espoused values and your embodied values are contradictory? Are the stories which you celebrate in your organization truly reflective of the values which you most want to promote?

Even more importantly, are you clear on the values you want to make universal in your organization? And what are you doing to embed these values in your corporate culture?

How you answer these two questions is perhaps more determinative of your organization’s future than either your vision statement or your mission statement. I’ve worked with many young, ambitious companies in industries which were changing so rapidly that an enduring vision statement was extremely difficult to define. About the time one was well disseminated, it became outmoded by changes in technology or the industry.

Struggling with how best to help them, I became convinced that a well-defined set of corporate values, cogently described and consistently pursued, has at least 80% of the clout of an articulate, compelling vision statement. One of my favorite examples of this principle is Enterprise Rent-a-Car. Jack Taylor, the founder of Enterprise, launched his business by saying that he was not going to compete with Hertz and Avis in the short-term rental business. He

would only do long-term leases. Today, Enterprise is the largest rental car business in the world, going head to head with Hertz and Avis globally.

How did the company become the kingpin in a line of business they which they never intended to enter? It wasn't because of a compelling vision to become a giant in the rental car industry. No, if you study what happened, you will see that by consistently following the core values which he spelled out for the company at its founding, Taylor was nudged little by little into the short-term rental business. And once he was in that business, his values then propelled his success. His values, more than his vision, were the secret of what he accomplished.

So never minimize the importance of corporate values. Take time to define them well and to promote them on every turn. But at the same time, be especially careful that your personal example and your corporate hero stories reinforce those values instead of undercutting them. Always remember. People believe embodied values far more readily than they believe espoused values.

Dr. Mike Armour is the managing principal of Strategic Leadership Development International, which he founded in Dallas in 2001. Learn more about his leadership development services at www.LeaderPerfect.com.

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