How to Build a Values-Based Culture

Presented by
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Introduction

What You Will Learn Today

• The Bottom-Line Value of Having a Values-Based Culture

• A Five-Step Process for Building a Values-Based Culture
“When process runs up against culture… culture always wins.”

Reengineering the Corporation
Michael Hammer and James Champy
Compelling Evidence for Building A Values-Based Culture
Culture is as Important as Strategy

“91% of the 1200 senior executives at global companies surveyed agreed that culture is as important as strategy for business success.”

~Paul Meehan, Darrell Ribgy, Paul Rogers
Creating & Sustaining a Winning Culture
Harvard Management Update January 2008

“If executives fail, they don’t fail because of business skills, but soft skills and cultural skills.”

~Scott Kingdom, Global Managing Director
Korn/Ferry International

“We believe your company culture and your company brand are just two sides of the same coin…Your culture is your brand.”

Tony Hsieh, CEO
Zappos, now owned by Amazon
Culture is as Important as Strategy

“Here’s an extra $40 million for your culture.”

~Jeff Bezos, CEO, Amazon
Culture is as Important as Strategy

University researchers Kotter, Heskett, Ulrich, Zenger, Smallwood have concluded (Google “Corporate Culture and Performance”):

• Almost one-half of earnings are attributable to how much employees “buy into” the company’s corporate culture and companies that align and manage their cultures increase revenue by four times and increase stock prices by twelve times over those companies that don’t manage their cultures.

A study of Fortune 500 companies co-sponsored by Crawford International and HR.com found:

• Companies that create adaptive corporate cultures outperform companies with non-adaptive cultures by a factor of 900 to 1 as measured by long term net income and stock price growth.

http://www.hrmguide.com/culture/leadership-culture.htm
Exercise—Culture Matters

Name a company that has a culture that you admire, respect, or enjoy.

What makes it unique?
Culture as a Competitive Asset

Values-Driven Companies Outperform the Rest

The Blue Angels
Southwest Airlines
Nordstrom
Ben & Jerry’s
Starbucks
Harley-Davidson
IKEA
Costco
New Balance
Trader Joe’s

Corporate Culture…
It’s the way we do things around here!
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A Five-Step Process

Step 1: Create/validate a set of core values.

Step 2: Define each value for your company.

Step 3: Translate the values into appropriate expected behaviors (actions).

Step 4: Embed values-based decision making into the screening, hiring, reward and recognition, and performance review processes of the company.

Step 5: Create and implement a communications/sustainability program.
What Are Values?

Values are fundamental principles we believe in and that govern our behavior, i.e., determine what we do, how we act.

What is Corporate Culture?

Culture is the way we do things at work.

What is a Values-Based Corporate Culture?

The way people act at work based on commitment to an accepted set of values.
Where Do Corporate Values Come From?

Everyone in the company. And they’re personal!

We found Walden at the Animal Shelter
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We took him home and gave him a bath…
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What do you think I love to do when I’m not working?

Right! I take Walden to the Dog Park!

What are some of my core values?
The Character of People and Companies

You Are What You Do
You Evaluate Others by What They Do
Values-Driven Companies Do Better—
(They Outperform the Competition)

“It’s All About the Doing!”

(I didn’t make all this up…)
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I Am What I Repeatedly Do
-Aristotle

My Values Determine What I Do

What I Do Defines Who I Am (Aristotle)

Therefore,

My Values Define Who I Am

(I Am My Values)
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“Well done is better than well said.”

-Benjamin Franklin
Exercise—Discovering Personal Values

The Question

Ask the question: “What do you love to do when you’re not working?”

Then question the answers:

“What do you like most about doing that?

“How do you feel when you are doing it?”

“Why do you think that’s important to you?”

“Do you do it by yourself or with others?”

“What key principle, belief, or value drives you?”
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Step 1: Creating/Selecting Core Values

- Use the values question to identify personal values.
- Create a comprehensive list of potential core values for the company.
- Obtain input from everyone in the company to select five core values.
- Final selection of values by leadership.
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### Step 2: Defining Core Values

<table>
<thead>
<tr>
<th>Values</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Integrity</strong></td>
<td>Do what we say.</td>
</tr>
<tr>
<td><strong>Respect</strong></td>
<td>We listen. We put ourselves in the customers’ shoes; we treat everyone (and every thing) with dignity and courtesy. We treat others as we would like to be treated.</td>
</tr>
<tr>
<td><strong>Innovation</strong></td>
<td>Novel technology.</td>
</tr>
<tr>
<td><strong>Honesty</strong></td>
<td>Searching openly for the truth.</td>
</tr>
</tbody>
</table>
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Practice: Defining Values

Value: ____________

Definition:

_________________________________________________________________

_________________________________________________________________
The key is to get your values “Off the Walls and Into the Halls” ...

...and get everyone in the company to live the values of the company every day.
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Step 3: Translating Values into Expected Behaviors

**Integrity**
The executive group abides by the same procedures and regulations that apply to the rest of the organization.

We use only licensed software and ensure all licenses tracked and kept up to date.

**Respect**
We reply to voicemails and emails within 24 hours to both internal and external customers.

We take care of company tools as if they were our own.
Translating Values Into Behaviors

Practice: Translating Values into Behaviors

Value: ____________

Definition:

___________________________________________________________

___________________________________________________________

Behavior:

___________________________________________________________

___________________________________________________________
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## Expected Behavior (Culture) Matrix

<table>
<thead>
<tr>
<th></th>
<th>INTEGRITY</th>
<th>RESPECT</th>
<th>INNOVATION</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Executive Management</strong></td>
<td>Expected Behaviors</td>
<td>Expected Behaviors</td>
<td>Expected Behaviors</td>
</tr>
<tr>
<td><strong>Sales</strong></td>
<td>Expected Behaviors</td>
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<tr>
<td><strong>Engineering</strong></td>
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- INTEGRITY
- RESPECT
- INNOVATION

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Step 4: Embedding Values/Behaviors into Business Processes

• Recruitment
• Hiring
• Performance Review
• Promotion, Reward & Recognition
• Customer Service
• Vendor/Supplier Relationships
• Procurement
• Sales
• Marketing
• Manufacturing
• Warehousing
• Engineering
• Etc.
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Step 5: A Communications Campaign!

- Consistent messages
- Stakeholder audiences
- Multiple channels
  - visuals
  - media
  - intranet
  - website
  - email
  - newsletter
  - social events
- Over communicate
- Public recognition (LOV Awards)
- Walking the talk
Take Away

• What was your biggest “take away” today?