



THE KEY TO SUSTAINED CORPORATE SUCCESS

Paul Chippendale

# VALUES

## **The Key to Sustainable Corporate Success**

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### **Acknowledgement**

Thanks to Paula McKenry whose leadership material was the inspiration behind the diagram on page 3.

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# *Why Values?*

In recent study of the histories of 18 exceptional companies that have stood the test of time, James C. Collins and Jerry I. Porras of the Graduate School of Business, Stanford University, compared the “best-of-the-best”<sup>1</sup> with another set of good companies that did not attain quite the same stature.<sup>2</sup> One of their major findings was that many of today’s buzzwords (employee ownership, empowerment, continuous improvement, TQM, common vision, shared values, etc.) are just updated versions of old practices some of which date back to the 19th century.

Some of their “myth-shattering” findings were:

**Few of the “best-of-the-best” companies began life with a great idea, and many got off to a slow start.**

**A charismatic visionary leader was absolutely not required** and could have been detrimental to the long-term prospects of the “best-of-the-best”.

**Profit maximisation was not the driving force.** Rather, these companies pursue a cluster of objectives guided by core values (and they make more money than the purely profit-driven comparison companies).

**There is no *right* set of core values.** Of more importance than the content of a company’s ideology, is the depth and consistency to which its ideology is held..

**These companies kept their core values tightly fixed,** striving for progress but always adapting in ways that would not compromise their cherished ideals.

**They were not afraid to make bold commitments to “big hairy audacious goals”.** In fact such goals were often used to stimulate progress.

**These companies are not great places to work for everyone.** Those unwilling or unable, are likely to be expunged.

**Some of their best moves were made through experimentation, trial and error, opportunism, and accident** (mimicking the biological evolution of species), rather than through complex strategic planning.

**Home-grown management is the rule.**

**Their focus is on beating themselves, not competitors.**

1 The “best-of-the-best”: Citicorp (1812), Procter & Gamble (1837), Philip Morris (1847), American Express (1850), Johnson & Johnson (1886), Merck (1891), General Electric (1892), Nordstrom (1901), 3M (1902), Ford (1903), IBM (1911), Boeing (1915), Walt Disney (1923), Marriott (1927), Motorola (1928), Hewlett-Packard (1938), Sony (1945), and Wal-Mart (1945).

2 The comparison group: Chase Manhattan, GM, Westinghouse, Pfizer, Zeneth, Colgate, etc.

**They attained their stature through expressing their values in a variety of ways and in a never-ending process.**

**Just about anyone can be a key protagonist in building an extraordinary business - the lessons of these companies can be learned and applied by the vast majority of managers at all levels.**

The bottom line is that the key characteristic to distinguish the “best-of-the-best” from those who were unable to achieve the same stature, was a **behaviourally evident commitment to a set of core values.**

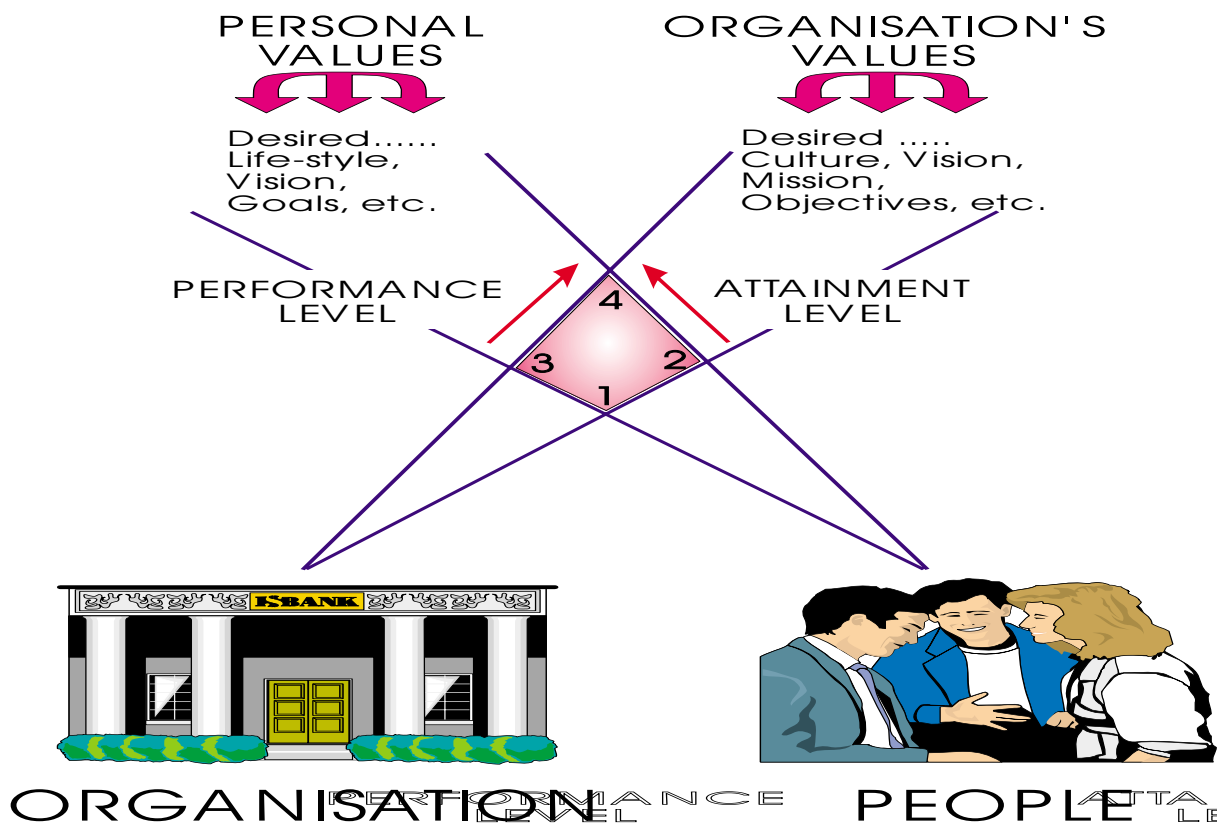
## *What Values?*

As the research by Collins and Porras indicates, there is no right set of core values. What matters most is that a set of core values is made explicit and that the organisation is seen, through their consistently congruent behaviour, to be committed to them.

Our definition of values is that *they are lifestyle priorities*. So if an organisation has a set of core values such as achievement/success, patriotism/loyalty, economics/profit and growth/expansion, the life-style of people in that organisation will be entirely different to that experienced by people in another organisation who has core values of say: pioneerism/innovation/progress, workmanship/technology, personal authority/honesty and ethical accountability. People who as individuals have priority values similar to the first organisation will love working there and be highly motivated. Conversely, they would not be highly motivated in the second organisation because its core values do not match their priority values. The reverse would be true of people who hold priority values similar to those of the second organisation but are required to work in the first.

To explore this matter more fully, refer to the diagram. People each have a desired lifestyle and a set of (conscious or unconscious) goals, needs, wants, aspirations, etc. that indicate the extent to which they have achieved the desired life-style. Each person is able to assess their level of attainment of the desired life-style. Similarly, organisations have a vision of how they would like to be which includes a desired culture, objectives, etc. The degree to which a person in the organisation contributes to the organisation moving towards its vision gauges their level of performance. Let's consider four extreme scenarios in terms of the degree of fit of individuals with an organisation.

A person at position 1 in the diagram is performing at an unsatisfactorily low level in the eyes of the organisation and they have attained little in terms of their own aspirations. The organisation is doing little for them and they are doing little for the organisation. They are likely to be sacked or leave of their own accord.



Adapted from a diagram of Paula McKenry's

## Values Alignment is the Key to Sustained Corporate Success

A person at position 2 is performing well in the eyes of the organisation, but the organisation is doing little for them in terms of aiding in the attainment of their personal aspirations. They will perform well only in the short term. They are likely to be highly stressed and dissatisfied. If nothing changes in their favour, they will probably leave, or worse still, become physically ill.

A person at position 3 is attaining all they want in life through the organisation but the organisation does not gauge them as contributing anything of value to them. They will probably be sacked though they will “fight” to stay because the organisation does so much for them.

A person in position 4 is the ideal. They are perceived as contributing a lot to the organisation while, at the same time, they are able to attain most of their personal aspirations.

Values lie behind what life-style people desire. Values lie behind what vision and culture an organisation has. When there is a match between core personal values of most people in the organisation and core organisational values the scene is set for personal fulfilment and organisational success. The conditions for optimal productivity are also set. In most cases, increased profitability follows. In any event, such a values match gives the organisation its best chance of success.

# *Making it Happen*

The first step in an organisation's commitment to a set of core values is to identify what they are. Then they must be linked into all aspects of corporate life.

## **Identifying the Core Values**

A questionnaire, such as the Australasian Values Inventory (AVI), is given to all employees (or a selected random sample of employees, if the organisation is very large). The core values of each work group are identified through analysis of the responses to the questionnaire. A comparison of the core values of each team is undertaken to see what core values predominate.

A values scan is undertaken of key documents within the organisation. In particular, any statements about the organisations' desired culture need to be analysed to see what values would sustain the culture. The priority values identified through this process are compared with those identified in step 1. Any congruities or disparities are noted.

## **Deciding on the Core Values**

The values information is reviewed by an executive team, or some appropriate representative group, in a "retreat" type workshop. Tentative core values are identified for discussion within the organisation. The actual process to be followed here, to a large extent, depends on the values information collected - see *New Wisdom II* for details.

## **Agreeing on Behaviour**

It is not sufficient to define a core set of values for an organisation. The organisation's people need to agree on a range of appropriate behaviours that will be congruent with these values. That people within the organisation subscribe to and are committed to the core values will be judged by their behaviour.

# *What If?...*

**W**hat if organisations ignore the values' dimension of their organisation? William Morin, chairman of Drake Beam Morin Inc., suggests this is likely to result in what he calls *silent sabotage*. He believes we are becoming a people without direction, without vision and with values that have little value at all. This, in turn, has given birth to the social disease, silent sabotage. Silent sabotage is not one problem, but many. It is a turned-off, disfranchised society that gives up in silent disapproval; it's a worker who comes in later and goes home earlier than he or she did 10 years ago; it's people at work who just don't care. As Williams points out:

Given time, a lack of common values will paralyse an organisation's ability to do business.

Businesses must move from the old Peter Drucker management definition (getting the job done through people) to one where management's chief job is to create an environment where people get the job done together.

There is only one way to overcome silent sabotage: by critically evaluating our own values - personal and organisational.

There is no easy fix to silent sabotage. It involves intensive self-examination and an organisation wide effort to identify the organisation's core values. The next step is to define success, core competencies and future goals that will be congruent with its core values.

As Collins and Porras found in their research, it makes economic sense to focus on the values of the organisation and its people: the "best-of-the-best" companies are not profit driven, instead, **they pursue a cluster of objectives guided by core values - and, paradoxically, they make more money than the purely profit-driven comparison companies**

## *Bibliography*

Colins, C. & Chippendale, P. (1995) *New Wisdom II: Values-Based Development*. ACORN Publications, Brisbane.

Collins, J. C. & Porras, J. I. (1994) *Built to Last: Successful Habits of Visionary Companies*. Harper Business, New York.

Morin, W.J. (1995) "SILENT SABOTAGE: Mending the Crisis in Corporate Values", in *Management Review*, American Management Association, July, pp. 10-14.

# *What Next?*

The people at Zygon Associates have developed a broad spectrum of material to support individuals and organisations in building values-based approaches into daily life:

The Australasian Values Inventory (AVI) provides two types of questionnaire and a range of reports/analysis techniques facilitating the exploration of individual, group and corporate values.

Software tools enable the scanning of text to identify the values that are likely to be communicated through them. This is very useful in formulating mission statements and in ensuring congruency of the internal communication and corporate image with core values.

*New Wisdom II* and other publications provide comprehensive understanding and guidance of values, their implication and application.

The Values Education Network (VEN), links people around the world who have an interest in values. A quarterly journal (VALNET) and a regular newsletter keeps people in touch.

Various courses and workshops educate and train people in the use of values based materials and processes. Through our alliance with the International Management Centre (IMC), we offer action learning based education in values & ethics from diploma to doctorate level.

A network of consultants, experienced in using a congruent set of values-based approaches, exists throughout Australasia.

*A resource catalogue and more information are available from:*

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