

CORE VALUES PART 1: COULD YOUR CORE VALUES BE BETTER?

It's been my experience that too many leaders forget what makes a company special. They get hung up on the products, the technology, or the systems. They think that is what separates them from their competitors. For example, I remember the CEO and COO of Maersk presenting their vision of success at an annual leadership conference. At that moment, we were being outperformed by our competitors, and the CEO and COO were explaining why they thought we would eventually win because we had the bigger ships.

The bigger ships were what made Maersk "special" in their eyes, and those ships would lead us to success. I can remember laughing to myself as they said it. Our competitors already had smaller ships, and they were still outperforming us. The ships weren't what made our competitors "special." What my CEO and COO failed to realize was that our competitors weren't winning because of the stuff they had. They were winning because of their people.

People are at the heart of all success and failure. Products and services don't create themselves. Everything your company does is because some people made the decision to do it, and other people executed it. I realize it sounds super cliché, but your people are what makes your company "special" and stand out from your competitors. But as a company, there need to be some defining traits that all employees share. These shared traits are your core values. They are what will define your company's culture and how you differentiate yourselves from your competitors.

The Right Core Values Can Make or Break Your Company

Real magic can happen when everyone in a company aligns around a set of core values. Think about it. One person dedicated to the highest levels of customer service won't make a difference, but if every individual in the organization is dedicated to customer service, it becomes something special. It is the difference between Southwest and Delta / United. There is no doubt that some employees within Delta or United are great at customer service, but it isn't like Southwest. Southwest employees have aligned around their core value of bringing FUN to customer service.

I always like to describe the importance of core values using a rowing team as a metaphor. Everyone in the boat needs to be pulling at the same speed, with the same power, and have the same endurance. If the team is not aligned on those, the boat starts veering off course. But when the values are aligned, everyone can pull in the same direction at the same high speed. That is how you win and not finish at the back of the pack.

Unfortunately, I have seen too many companies treat their core values as statements on a wall. They set the core values in some offsite many years ago, and they've not thought about them since. Even if the company has evolved, they just keep their core values the same. But we need to get over this kind of fixed mindset. Just because you already defined some core values, doesn't mean that they are the best core values for your company. That is why we have identified 3 critical criteria that your core values should follow, and if they don't then you should be willing to update them.

Criteria 1 - Core Values Should Focus on Differentiation

While writing this article I ran a little experiment. I read through the core values of 50 of the Fortune 500 companies. While there were many unique values, most companies tended to have generic values. For example, here are the 7 most common core values I saw:

- Integrity
- Respect
- Responsibility
- Excellence
- Teamwork
- Innovation
- Customer Focus

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I fully understand why companies gravitate to these standard core values. What company wouldn't want a culture Integrity and Respect? What company is going to say that Teamwork isn't important? The problem with these types of core values is that they fail to do the one thing they need to do; differentiate the company. These kinds of core values are what I call "price of admission" values. Every company needs to act Responsibly and have a strong Customer Focus. These 7 common core values are just the minimum standards to be successful.

Your core values are supposed to be what separates you from the herd. They are supposed to be what makes you a unique organization that your customers find appealing. The values are supposed to be the standard that all your people live up to, and not fulfill by showing up. So, when you are selecting (or refining) your core values, make sure that they are capturing the uniqueness of your culture.

Criteria 2 - Core Values Should Be Clear

Another problem I frequently see with core values is that companies try to keep things too simple and end up having a lot of one-word core values. (i.e. "Our culture is built upon a foundation of Integrity, Respect, and Teamwork."). And I fully understand the appeal. One-word core values are easier to communicate and easier to remember. The problem is that one-word core values tend to leave too much room open for interpretation.

Integrity can mean everything from being honest & ethical to being accountable to your promises. We also see a great deal of overlap with the values. While Webster's dictionary will have separate definitions, we believe Integrity, Commitment, Honesty, and Respect are all hitting at the same kind of thing. Core values are meant to create some alignment in the decisions and behaviors of all employees across the company. If they are too loosely defined, then your core values end up being like horoscopes. Everyone can justify how their behaviors connect to the values.

That is why we recommend writing core value statements. Don't overcomplicate or make these statements too long. Instead use each statement to capture a core concept. A great example of the power of core value statements is Google's "**Ten Things We Know to be True.**"

1. Focus on the user and all else will follow.
2. It's best to do one thing really, really well.
3. Fast is better than slow.
4. Democracy on the web works.
5. You don't need to be at your desk to need an answer.
6. You can make money without doing evil.
7. There's always more information out there.
8. The need for information crosses all borders.
9. You can be serious without a suit.
10. Great just isn't good enough.

While we could argue about the number of core value statements Google adheres to, we cannot argue with the clarity of each of these statements. Each one boils down a critical aspect of their culture and way of working. And if that weren't clear enough, Google further explains each statement with 1-2 paragraphs showing how the statement impacts decisions and behaviors within the company. Even though it isn't as simple as a value of "Customer Focus," employees at Google have an easier time living by the value "Focus on the user and all else will follow."

Criteria 3 - Core Values Should be Relevant for Everyone

The final rule when defining (or refining) your core values is to ensure that they are concepts that everyone can get behind. A core value that only applies to half of your employees will not act as a guiding force as you Scale Up. Instead you need to make sure that the value is relevant to everyone that works in your company.

For example, Google could easily have written its value "Focus on the customer and all else will follow," but that would be limiting the number of people that could easily live this value. Not everyone has direct connections with your company's customers, and while it is critical that we do think about our end customers, it can be tough for some people to adopt a customer focused mindset if they never met any.



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But instead of ‘customer,’ Google wrote ‘user,’ and that difference opened up the value to everyone. Every department from the front to the back has users of the work that the department delivers. HR supports managers trying to recruit new employees. Accounting partners with our suppliers to ensure our bills are paid. IT helps the employee struggling with a software problem. By adopting the word user instead of customer, Google’s HR, Accounting, and IT can all live by the statement “focus on the user and all else will follow.”

Never Settle for OK Core Values

These three criteria are what separate great core values from words on a poster. Unfortunately, too many companies have core values that don’t fit all three criteria, and chances are your company’s core values don’t fulfill the three criteria either. Maybe your core values are too loosely defined, maybe they are just too generic, or maybe they don’t apply to everyone. While it might be uncomfortable to admit, recognizing that your core values aren’t good enough is a great thing. It means you can do something about it.

True leadership does not mean ignoring problems because they make you uncomfortable. True leadership is about taking the hard conversations and being willing to face tough decisions. And deciding to do a 2.0 version of your core values can seem daunting, but it is worth the investment.

If you want to be a company of consequence, and not just one of the herds, then you need to have a solid foundation built upon your core values.

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