

Clarifying Core Values

The First Step for Visionary Leadership

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Episode UYL1908

Podcast Date: June 12, 2019

I opened my leadership development firm only months before the Enron corruption scandal. I therefore had an opportunity to observe firsthand how top echelons of American business responded to that momentous event.



In particular I noticed that companies put renewed emphasis on character and ethics training for their leaders and managers. And alongside this emphasis, organizations became more focused on articulating their core values and assuring customers and workers alike that they took these values seriously.

As a result, clients regularly asked me to facilitate a process by which their organization could identify and codify its core values. I was always glad to comply. But to be absolutely forthright, I found many of these exercises frustrating. Sometimes, extremely so.

These undertakings always began optimistically enough. Everyone pitched in. And in short order we could compile a list of two or three dozen values which were important to the organization. But just because a value is important does not mean that it is *core*. Trimming this long list of important values down to a half-dozen core values always proved time-consuming and difficult.

Then one day, in a flash, in the middle of Africa, of all places, I realized why the task had been so challenging. This sudden realization forever changed the way that I would approach values clarification exercises. And it also gave me a completely new perspective on how values, vision, and mission interrelate.

In today's podcast, I want to take you through that "aha" moment in Africa. I want to share with you how my perspective on values, vision statements, and mission statements changed in an instant. And I want to invite you to draw on that insight as you Upsize Your Leadership.

Let me frame my podcast today by sharing a story with you. It occurred about a year after I began my leadership development firm in 2001.

For over a decade, a longtime friend of mine had been one of the most respected and talented business leaders in Dallas. A few years before, he and several associates left one of the most

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renowned companies in Texas to begin a real estate development company. All of the founders had extensive international experience, and they dreamed of quickly building a global company.

Their specialty was designing, constructing, and managing very high-end resorts which catered to the world's wealthiest people. They started off in the U.S., but in short order had huge projects underway on several continents. Within five years they had nearly a thousand employees, scattered literally around the world.

And it was about at the five-year mark when my friend called me and asked for help. "When we started the company," he explained, "we all knew one another well. We had worked together for years. We shared the same values, the same outlooks, the same general priorities. That was one reason that we wanted to start a business together."

Then he added, "But now, the wheels are starting to come off. We have grown so rapidly and in so many countries that we have drawn workers and managers from dozens of different cultural backgrounds. And things happen almost every day which indicate that the company no longer has a set of shared values and outlooks."

"So how can I help?" I asked. He answered that he wanted me to spend a full day with his top-level executive team – about 16 people in all – to guide them through an exercise of defining the core values which should direct the company. They then wanted to align their corporate communication, training, and management around these values.

I agreed to help, and a few days later we all met at an offsite location, with several flip charts at the ready. First, I explained that whatever our final list of values, they should number no more than five to seven. There's a simple reason for that. Once you get above five values – and certainly when you get above seven – the list is too long for people to recall it readily. And if they cannot recall it easily and naturally, there's little chance that the values will ever be readily embedded in the life of the organization.

Second, I asked them to huddle in groups of three or four and identify values which should possibly be considered for inclusion in our list of core values. They jumped into the task eagerly. Ideas were flying left and right. Once the groups had done their work, we combined their lists into a single master list. There were nearly three dozen values on the master list.

No one took issue with the importance of every value listed. But everyone also understood that a list of 35 values was too unwieldy to serve their purpose of defining a handful of core values. We therefore set a goal of whittling the list down to seven values which were genuinely core to the business.

That task took the better part of a day. We began by identifying values which were important, but, in the judgment of most, were secondary to the kind of corporate culture which they wanted to fashion. That got our list down to two dozen. Then we started looking for ways to combine two or more values into one larger value which itself captured the essence of the constituent values which we were merging.

Through this process, by time for our lunch break, we were down to 12 values remaining on our list of candidate values. And that's when the going got rough. Every value on the list had at least one advocate in the room who could argue persuasively that it ought to be considered a core value. Two hours into that discussion, it was very clear that consensus was going to elude us.

With the day wearing on, the group decided to resolve their differences through a secret ballot approach. Each person would vote for the five values on the list which he or she considered most crucial. The seven values which received the most votes would make the final list.

Little did I know that I would repeat similar experiences quite regularly over the next few years. I would be asked to facilitate a values clarification exercise. In reasonably short order the group could identify a dozen or so values which might be considered core. But squeezing that list of a dozen values down to five, six, or seven was like pulling eye teeth.

Through all of this, I kept thinking that something was missing in my approach. I simply could not put my finger on it.

Then, in 2011 I was asked to provide leadership training for all the mayors of Rwanda as part of their nation's rebuilding effort in the wake of the genocide that killed upwards of a million people in a matter of weeks. The men and women in my training were sharp and dedicated to their work. But communicating with them was a bit challenging. They had grown up in homes where the language of daily discourse was Kenya-Rwandan. They then went to schools where instruction was all in French. And there, with teachers for whom French was also a second language, they learned English. And the English which they learned was shaped by British pronunciations and idioms, not American ones.

I quickly learned, therefore, that I needed to keep my sentences simple and to break concepts down into the most basic terms possible. Otherwise, I was losing many in my audience who could not grasp what I was saying.

On the second day of our training I was addressing the need for them as leaders to be vision-casters for their communities and to promote and embody the values which would make their communities strong and vibrant. In trying to simplify these concepts, which I had taught on dozens of occasions over the years, I suddenly realized what I had been missing about values.

I had been treating all vital values as though they were core values. By "vital values" I mean those which are essential to the life of the organization. What I suddenly recognized that day in Kigali is that a value can be vital – absolutely essential to the organization – but not be a core value. What I immediately sensed is that there are three tiers of vital values. Some are indeed core values. Others are what I would call strategic values. And others are what I refer to as operational values.

Quickly, in an impromptu manner, I started mapping out this three-tier structure to those Rwandan mayors and showing them how these values related to the vision which I had been encouraging them to develop for their communities.

Let me take you through the rationale which popped to mind that day and which has guided all of my values clarification exercises ever since.

In essence, as leaders, we must begin by identifying our core values. I define core values as those values which will tend to go unchanged, no matter how much the organization changes its vision, its mission, its business model, even the industry in which it works. For example, another friend of mine guided a multi-billion dollar transition in which he moved an international business completely away from its historic business model into an altogether different line of business. But the core values which guided the reinvented organization were precisely the ones which

had guided the business historically. No matter what else changed, the organization's core values did not.

One instance in which core values may indeed change is when a longtime family business is bought by a publicly-traded company and held as a subsidiary which stands alone within the larger organization. Even though it stands alone, the culture of what had once been a family business must now be aligned with the culture of its new parent company. This realignment often compels a rethinking of core values. Nevertheless, as a general rule of thumb, core values remain constant.

With their core values identified, leaders are then in a position to articulate their vision. Or to put it another way, corporate vision can never be something which violates the organization's core values. Implicitly, at least, a set of core values lies behind every vision statement, even if those values have never been spelled out.

Before I continue, however, I need to clarify how I think of vision statements and mission statements. Corporate circles are not always precise or consistent in the way in which they use these terms. What one company calls a vision statement, another may call a mission statement.

From my perspective, a vision statement is a broad, "envisionable" picture of what the organization wants to achieve or be known for well into a distant future. One of my favorite vision statements is from an organization whose purpose is to combat Alzheimer's disease. They sum up their vision in five words: "a world free of Alzheimer's."

A mission statement then chunks the vision statement down into a sketch of what the organization will do in the immediately foreseeable future to advance that vision. A mission statement answers the questions, "At the current stage of realizing our vision, where are we focusing our energies? Our priorities? And who are the people whom we target?"

It's not my purpose in this podcast to elaborate on this distinction between vision and mission statements. Perhaps that's a good topic for a future episode. But as we talk about corporate values, it's important for you to know the distinction which I make between vision statements and mission statements.

As we have said, vision statements are subordinate to core values. But a vision statement may, by its very nature, elevate the importance of certain values which are not included in the organization's core values. That is, even if these values are not core values, they must be honored and embraced if the vision is to succeed. They are vital values. When I talk about vital values which fall into this category, I use the term "strategic values" to describe them.

As with core values, strategic values are likely to remain constant over an extended period of time. That's because strategic values serve a vision statement which is ideally long-range in nature. But whereas core values almost never change, even when an organization completely reinvents itself, strategic values do change on occasion. To be specific, if we revise our vision statement, the new wording may call for a significantly different set of strategic values.

Similarly, the mission statement may require commitment to certain values which are not already enumerated in our core values or our strategic values. That is, mission statements may give rise to a third set of vital values, which I call operational values. If the mission statement is overhauled, operational values are subject to change, just as strategic values may change when the vision is redefined.

In this three-tiered structure which I've outlined, alignment must be maintained from top to bottom. Our vision statement must align with our core values. Our strategic values must align with our vision statement. Our mission statement must align with our vision statement and its associated strategic values. And our operational values must align with our core values, our vision, our strategic values, and our mission statement.

Thus, strategic and operational values are vital for the success of the organization, but they are subordinate to the core values. To pursue strategic or operational values in a way which violates the core values destroys the top-to-bottom alignment which we just described.

Now, let's go back to that full-day session years ago with 16 executives who were trying to identify the core values for their rapidly growing company. Remember that we started out with about three dozen possible values and eventually trimmed them down to twelve. And there we seemed to get high-centered. Each of these twelve values had advocates who could build the case that this value was vital to the company's continued success.

Identifying five of these values to eliminate to get down to our final catalog of seven core values was thus a wrenching experience. What I failed to recognize at the time is that while all twelve of these issues were vital for the organization's future, they were not all core values. Some of them were strategic values. As such, the company could never afford to lose sight of them. They needed to be spotlighted and promoted continuously. On closer analysis, some of those twelve may have in fact been operational values. Vital to the organization? Yes. Core values? No.

Today when I lead an organization through a values clarification exercise, I begin by laying out a schema which defines these three tiers of values. That gives us a conceptual structure in which to work as we start identifying values. When the discussion gets hung up on whether a value is indeed a core value, we can then ask, "Is this value vital because of our current focus and priorities? Or would this value be vital no matter what our focus or priorities might be?" If the former is the case, the value is strategic or operational in nature. If it is vital whatever our focus or priorities, then it may genuinely qualify as a core value.

I recently went through this exercise with a family-owned business which had been around for forty years and had never taken the time to reduce their statement of values to writing. Using the approach which I've just outlined, we were able to articulate their three tiers of values in less than four hours. Not all values clarification exercises go that quickly, of course. But they have all become much more easily conducted since I began using this schema.

Before wrapping up, however, I need to emphasize one point. At the top of this podcast I stressed the importance of holding your list of core values to five or so, never more than seven. The same should be said of strategic values and operational values. Aim for no more than five values in both of these tiers. Once you get beyond five values, it's hard to remember them, much less keep them all in focus.

Moreover, when talking to your people about values, don't jump willy-nilly from strategic values to core values to operational values, etc. Otherwise, your workers will never develop a crisp sense of which values are core, which ones are strategic, and which ones are operational.

When I elaborate on core values, I personally prefer to do so in the context of outlining what defines the organization as a whole. When I'm promoting corporate vision, I talk about strategic values – perhaps with an occasional allusion to a core value, but primarily centering my remarks

on the values essential to achieve our vision. In a similar vein, if I'm emphasizing the mission statement, I will keep operational values at the forefront somewhat exclusively.

By maintaining this disciplined approach to communication over the long run, you will gradually embed these values in the DNA and thought-process of your organization. But people need to hear values messages time and time again before they fully internalize them. And because the core values are "core," people need to be hearing them emphasized routinely.

I coached for several years in a Fortune 100 company whose CEO was genuinely values-centric in his approach to management. After a while I noticed a pattern of communication which he persistently utilized. Whenever he spoke to a group of employees – whether it was a small gathering or a room brimming with hundreds of workers – he always tied at least one component of his remarks to one of the company's core values. And he went beyond merely mentioning the value. He would take a moment to explain why that value was so important.

As a result, wherever I went in his company, people in the ranks could immediately recite the company's core values. By underscoring them time and time again, the CEO drove these values into the very soul of the organization.

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