

DEVELOPING CORE VALUES

In healthy, high-performing organizations, people share a clear understanding of the organization's core values and how they are measured. This tool helps people identify and develop their organization's core values.

Definition: Core values are the activities and behaviors essential to the organization's success and sustainability. For example, customer satisfaction is a core value of many organizations.

Core values typically do not change over time. Once defined, they should be communicated to every employee and tie directly to employee recruitment, appraisal, and promotion.

Developing core values is difficult for several reasons. First, people are often confused by the word "values." In this context, a value is what we hold to be important, rather than, for example, the price we put on something.

Second, people are surrounded by different value systems – including their own personal values, their culture's values, and their organization's values. As individuals we value dignity and freedom. But our company may value profits and satisfied customers. Sorting out these different values can be confusing, to say the least!

Values are also difficult to define precisely. What is customer service? What do we mean by quality? Yet in order for the values to be useful, the meanings must be clear.

We've found that it helps if people tie their core values to measurable results. How do we measure customer service? How do we measure quality? How do we measure ethical behavior?

Focusing on measurable results has three benefits: 1) it helps refine the definition of the core value; 2) it helps you decide whether the value is truly a core value, and 3) it enables you to measure success in upholding the value.

Examples of core values

Below are examples of core values and related performance measures:

Core Value	Related Measures
Customer satisfaction	<ul style="list-style-type: none"> ▪ Customer requests are met in timely manner. ▪ Prices are competitive. ▪ Supplies are sufficient to meet demand. ▪ Customers say they are satisfied when asked. ▪ Customers say that service exceeds their expectations.
Financial sustainability	<ul style="list-style-type: none"> ▪ There is ready access to credit. ▪ Assets aren't exposed to unacceptable risks. ▪ Budgets are balanced. ▪ Company generates an annual profit/surplus.

Core Value	Related Measures
Ethical integrity	<ul style="list-style-type: none"> ▪ Employees act lawfully. ▪ Employees are honest. ▪ Employees assume responsibility for mistakes.
Safety	<ul style="list-style-type: none"> ▪ There is a record of safe operations. ▪ Loss time due to worker injury is minimal.
Environmental protection	<ul style="list-style-type: none"> ▪ The frequency and extent of negative environmental impacts is very low.
Employee satisfaction	<ul style="list-style-type: none"> ▪ There is investment in a healthy work place. ▪ Compensation and benefits are competitive. ▪ There is investment in employee development.

In high-performing organizations, core values are linked to “we statements” (also framed in some instances as “you statements”) that list the specific behaviors that support each core value. The following set of core values and “we statements” is from a California governmental agency:

Core Value	We Statements
Integrity	<ul style="list-style-type: none"> ▪ We are always guided by how we can best improve California government. ▪ We base our findings, conclusions, and recommendations upon reliable evidence. ▪ We strictly adhere to relevant professional standards. ▪ We conduct our reviews in a nonpartisan manner, free from bias and outside influence, including that of the Legislature, governor, and the subjects of our audits and investigations. ▪ We take personal responsibility for our work. ▪ We hold the organization and ourselves to the same or higher standards than we use to evaluate others. ▪ We keep our commitments to stakeholders. ▪ We are truthful in our communications. ▪ We ensure that our work is accurate, on time, and relevant.
Commitment	<ul style="list-style-type: none"> ▪ We treat one another with respect. ▪ We encourage, appreciate, and reward excellence in ourselves. ▪ We communicate with one another in a way that enables us to work effectively and to stay informed. ▪ We provide our employees the training, development, and resources to do their jobs well. ▪ We communicate our expectations clearly, constructively, and promptly. ▪ We evaluate employees regularly, based on clearly stated expectations. ▪ We invite and provide prompt, constructive feedback to each other. ▪ We create a work environment that values diversity. ▪ We create a work environment that fosters a balance between work and other aspects of life. ▪ We hire and retain qualified, talented employees.

Core Value	We Statements
Leadership	<ul style="list-style-type: none"> ▪ We promote excellence in government. ▪ We prepare work products that promote change. ▪ We make insightful recommendations that improve the performance of government. ▪ We follow up to determine whether our recommendations are implemented. ▪ We are a resource that aids decision-makers. ▪ We are proactive in educating our stakeholders about what we do. ▪ We provide prompt responses and appropriate updates to all our stakeholders. ▪ We anticipate and respond to key customer needs. ▪ We continuously evaluate and improve our policies and practices. ▪ We generate creative solutions to problems and issues. ▪ We regularly measure and communicate how well we uphold our core values.

Here is an example of a corporation's core values, along with associated "you statements":

Core Value	You Statements
Judgment	<ul style="list-style-type: none"> ▪ You make wise decisions (people, technical, business, and creative) despite ambiguity. ▪ You identify root causes, and get beyond treating symptoms ▪ You think strategically, and can articulate what you are – and are not – trying to do. ▪ You smartly separate what must be done well now, and what can be improved later. ▪ You don't create more risk by over-engineering complex solutions to simple problems.
Communication	<ul style="list-style-type: none"> ▪ You listen well, instead of reacting uninformed, so you can better understand. ▪ You are concise and articulate in speech and writing. ▪ You treat people with respect independent of their status or disagreement with you. ▪ You maintain calm poise in stressful situations. ▪ You have a fantastic question-to-statement ratio.
Impact	<ul style="list-style-type: none"> ▪ You accomplish amazing amounts of important work without excessive fanfare. ▪ You demonstrate consistently strong performance so employees can rely upon you. ▪ You focus on great results rather than on process. ▪ You exhibit call-to-action and avoid analysis-paralysis, and always take responsibility for your actions, right or wrong.
Curiosity	<ul style="list-style-type: none"> ▪ You learn rapidly and eagerly. ▪ You seek to understand our strategy, market, customers, and partners, and the other lines of business within our company. ▪ You are broadly knowledgeable about business, technology and the potential of our company. ▪ You contribute effectively outside of your specialty.

Innovation	<ul style="list-style-type: none"> ▪ You re-conceptualize issues to discover practical solutions to hard problems. ▪ You challenge prevailing assumptions when warranted, and suggest better approaches. ▪ You create new ideas that prove useful. ▪ You keep us nimble by minimizing complexity and finding time to simplify. ▪ The very idea that innovation is valued at our company thrills you.
Courage	<ul style="list-style-type: none"> ▪ You say what you think even if it is controversial. ▪ You make tough decisions without excessive agonizing. ▪ You take smart risks. ▪ You question actions inconsistent with our core values.
Passion	<ul style="list-style-type: none"> ▪ You inspire others with your thirst for excellence. ▪ You care intensely about our company's success. ▪ You celebrate wins. ▪ You are tenacious. ▪ Our wins truly excite you, and our losses truly upset you.
Honesty	<ul style="list-style-type: none"> ▪ You are known for candor and directness. ▪ You are non-political when you disagree with others. ▪ You only say things about fellow employees you will say to their face. ▪ You are quick to admit your mistakes and build on those lessons. ▪ Integrity is your first name and your middle name.
Selflessness	<ul style="list-style-type: none"> ▪ You seek what is best for our company, rather than what is best for yourself or your team. ▪ You are ego-less when searching for the best ideas. ▪ You make time to help employees, even if it impacts your personal time. ▪ You despise "information as power" attitudes; rather, you share information openly and proactively.

Exercise: Developing core values

A planning team representing the senior leaders of the company should work together to draft the organization's core values. The planning team should meet several times to discuss and refine the core values before sharing their work with a broader group of managers and employees and soliciting their feedback. Once the team has gathered sufficient feedback, the core values should be finalized and then broadly communicated by the company's leadership.

Each member of the planning team should answer the following questions in advance of the initial meeting to work on core values.

1. What values do you believe are essential to the success of your organization? Hint: Look at the best decisions made by your organization. What core values drive those decisions? Write down your responses. Use language that is clear and free of cliché.

2. For each core value, what specific behaviors or “we statements” support it? Write down your responses.

3. For each core value, how you would measure it? Write down your responses.

Discussion Guide

Once each planning team member has completed the exercise, the team should meet several times to share their responses and develop the core values. You can use the following questions to guide your discussion.

1. Share your responses to the first question. Discuss the areas of overlap and disagreement, but do not attempt to resolve the differences.
2. Identify the common core values and use those as a starting point. Look at where people differ on their core values. Discuss whether it would be useful to add more core values.
3. Share your responses to the second question. Take each “we statement” and tie it to a core value. Don’t eliminate any “we statements” yet.
4. Share your responses to the third question. Identify a set of agreed-upon measures for each core value (not for each “we statement”).
5. Continue to refine the core values and “we statements” until the team feels that they reflect what is truly essential to the success of your organization. Make sure the language is clear. Focus the “we statements” on behaviors that can be appraised in a performance appraisal. Eliminate redundant or overly generalized “we statements.”
6. Tell stories to each other about how past decisions would have been made using the draft set of core values. Continue to refine the core values until you are satisfied you have captured the core values and “we statements” that you want to guide all the company’s decisions.
7. When you are ready, solicit input from a broad swath of managers and employees. Listen carefully and learn where you need to sharpen the language. Modify your draft accordingly. Continue to engage people until everyone in the organization has had a chance to give input.
8. Finalize the core values and follow up.

Follow up

Make sure you communicate these values often, in various ways, throughout the organization. Explicitly use them in your decision-making. Your core values should guide many decisions in your organization, including recruiting, hiring, promotions, and performance appraisals. Engage in regular discussions about how the values are – and are not – being met.

You should make sure your managers are evaluated on the basis of the core values and “we statements.” Do the same for employees, contractors, and anyone else who represents the company. Be unstinting in how you promote people who demonstrate the core values. Be equally unstinting in purging the organization of people who do not.

Remember: If your company is serious about its core values, then it should be serious about hiring and promoting people who exemplify them.

Core values should also be communicated to your customers, so that they know what your company stands for and what you consider essential to your success. This level of transparency helps build customer loyalty and trust.