Deep Dive into Values

Introduction

Previously, we have established the crucial role that core values play in shaping an organization's identity, guiding its strategic direction, and influencing its day-to-day operations. Core values serve as the foundation upon which a strong, cohesive, and high-performing organizational culture is built. They provide a moral compass for decision-making, a framework for employee behavior, and a benchmark for measuring success.

We define, state, integrate, and keep core values in organizations through a deliberate process. This chapter provides practical techniques for articulating authentic values and crafting powerful value statements. We outline how to infuse values into every area of organizational life. Real-world case studies demonstrate how companies achieve values-driven transformations and sustain their values over time.

The objectives of this chapter are threefold:

1. To provide a comprehensive guide on how to define and articulate core values that truly reflect an organization's identity and aspirations.

2. To offer practical strategies for integrating core values into organizational culture, from HR processes to leadership behaviors to operational practices.

3. To highlight the importance of ongoing values measurement and sustainment efforts, providing tools and frameworks for keeping values vital and relevant over time.

By the end of this chapter, readers will have a deep understanding of the process and practices involved in making core values a living, breathing part of their organizations. They will be equipped with the knowledge and resources needed to embark on their own values journey, whether they are starting from scratch or looking to revitalize existing values.

Defining and Articulating Core Values

The first step in making core values a driving force within an organization is to clearly define and articulate them. This process involves a deep introspection into the organization's identity, purpose, and aspirations. It requires engaging stakeholders across all levels and functions to uncover the shared beliefs and principles that underlie the organization's work.

Techniques for Identifying Authentic Core Values

There are several techniques that organizations can use to identify their authentic core values:

1. **Workshops and Brainstorming Sessions:** Bringing together a diverse group of employees for facilitated workshops and brainstorming sessions can help surface the values that are most important to the organization. The sessions

should encourage open, honest dialogue and capture a wide range of perspectives. Some important questions to explore in these sessions include:

- What do we stand for as an organization?
- What principles guide our decisions and actions?
- What do we want to be known for by our stakeholders?
- What makes us unique and distinctive in our industry?

2. **Analyzing Company History and Culture:** A thorough analysis of the organization's history and culture can reveal the values that have been present since its founding and that have shaped its evolution. This analysis can involve reviewing founding documents, interviewing long-tenured employees, and examining the stories and myths that are shared within the organization. Some aspects of company history and culture to analyze include:

- The vision and mission of the founders
- Key milestones and turning points in the company's development
- Heroes and role models who embody the company's spirit
- Rituals, traditions, and celebrations that are unique to the company

3. **Surveying Employees and Stakeholders:** Conducting broad-based surveys can help gather input on values from many employees and stakeholders. These surveys can ask respondents to rank the importance of different values, provide examples of values in action, and suggest additional values that are important to them. Some tips for effective values surveys include:

- Using clear, concise language that is easy to understand
- Providing a mix of closed-ended and open-ended questions
- Ensuring anonymity to encourage honest responses
- Communicating how the survey results will be used

By using a combination of these techniques, organizations can develop a rich, multifaceted understanding of their core values. The key is to engage in a process of discovery, not invention. The goal is to uncover the values that are already deeply ingrained in the organization, not to impose new ones from the top down.

Crafting Clear and Compelling Value Statements

Once an organization has identified its core values, the next step is to articulate them in clear, compelling statements. These statements should be concise, memorable, and actionable, providing a clear direction for behavior and decision-making.

Some elements of effective value statements include:

- **Simplicity:** Values should be easy to understand and remember. They should use plain language that resonates with employees and stakeholders.

- **Specificity:** Values should be specific enough to provide clear guidance for action. They should not be so broad or abstract that they can be interpreted in multiple ways.

- **Relevance:** Values should be relevant to the organization's work and its stakeholders. They should reflect the unique challenges and opportunities faced by the organization.

- **Aspiration:** Values should be aspirational, reflecting not just who the organization is today, but who it wants to be in the future. They should inspire and motivate employees to be their best selves.

- **Consistency:** Values should be consistent across the organization, providing a common language and framework for all employees.

Some common pitfalls to avoid when crafting value statements include:

- **Platitudes:** Values that are too generic or clichéd, such as "integrity" or "excellence", can lose their meaning and impact. It's important to make values specific and distinctive to the organization.

- **Contradictions:** Values that contradict each other or that are not consistently applied can create confusion and cynicism among employees. It's important to ensure that values are coherent and aligned.

- **Over-complication:** Having too many values or values that are too complex can make them difficult to remember and apply. It's important to keep values simple and focused.

Here are some examples of well-articulated core values:

- **Zappos:** "Deliver WOW Through Service", "Embrace and Drive Change", "Create Fun and A Little Weirdness", "Be Adventurous, Creative, and Open-Minded", "Pursue Growth and Learning", "Build Open and Honest Relationships With Communication", "Build a Positive Team and Family Spirit", "Do More With Less", "Be Passionate and Determined", "Be Humble".

- **Patagonia:** "Build the best product", "Cause no unnecessary harm", "Use business to protect nature", "Not bound by convention".

- **Southwest Airlines:** "Warrior Spirit", "Servant's Heart", "Fun-LUVing Attitude", "Work the Southwest Way".

Integrating Core Values into Organizational Culture

The presence of well-defined and articulated core values is only the beginning. To truly harness the power of values, organizations must integrate them into every aspect of their

culture and operations. This involves embedding values into HR processes, reinforcing them through leadership behaviors, and aligning policies and practices with them.

Embedding Values into HR Processes

HR processes are an important lever for integrating values into organizational culture. Values should be embedded into recruitment, onboarding, performance management, and learning. This ensures organizations always hire, promote, and develop employees. It also ensures these employees reflect the company's core values.

Some ways to embed values into HR processes include:

1. Recruitment and Onboarding:
   - Incorporating values into job descriptions and interview questions
   - Assessing candidates' alignment with values during the selection process
   - Emphasizing values during onboarding and new employee orientation
   - Having senior leaders share stories of values in action
2. Performance Management and Rewards:
   - Including values alignment as an important component of performance reviews
   - Rewarding and recognizing employees who exemplify values
   - Tying bonuses and promotions to demonstration of values
   - Celebrating values-based achievements and milestones
3. Learning and Development:
   - Offering training and workshops on values and their application
   - Incorporating values into leadership development programs
   - Providing coaching and mentoring to help employees live the values
   - Encouraging employees to share their own values stories and experiences

By making values an integral part of HR processes, organizations can ensure they are consistently reinforced and sustained over time.

Reinforcing Values Through Leadership Behaviors

Leaders play a crucial role in reinforcing values through their own behaviors and actions. As role models and influencers, leaders set the tone for the rest of the organization and have a significant impact on culture.

Some ways that leaders can reinforce values include:

1. Leading by Example:

   - Consistently demonstrating values in their own work and interactions

   - Being transparent about their decision-making and how it aligns with values

   - Admitting mistakes and taking responsibility when they fall short of values

2. Communicating Values Consistently:

   - Regularly discussing values in team meetings, town halls, and other forums

   - Sharing stories and examples of values in action

   - Encourage dialogue and feedback around values

   - Ensure that all internal and external communications reflect the values.

3. Holding People Accountable to Values:

   - Set clear expectations for values-based behavior

   - Providing feedback and coaching when behaviors do not align with values

   - Take corrective action when necessary, up to and including termination

   - Publicly recognizing and rewarding those who consistently live the values

When leaders consistently demonstrate and communicate values, they send a powerful signal to the rest of the organization about what is expected and valued.

Aligning Policies and Practices with Values

To truly integrate values into culture, policies and practices must match the values. This includes decision-making frameworks. It also includes operational processes and marketing and branding efforts.

Some ways to harmonize policies and practices with values include:

1. Decision-Making Frameworks:

   - Incorporating values into strategic planning and goal-setting processes

   - Using values as a lens for evaluating options and making trade-offs

   - Ensuring that decisions at all levels are consistent with values

2. Operational Processes:

   - Designing processes and systems that reinforce values

- Eliminating or modifying processes that contradict or undermine values
- Continuously improving processes to better align with values

3. Marketing and Branding Efforts:
   - Ensuring that external messaging and branding reflect values
   - Partnering with organizations and causes that align with values
   - Being authentic and transparent in all communications and interactions

When organizations align their policies and practices with values, they create a coherent and consistent organizational culture that is deeply rooted in shared principles.

Case Study 1: Patagonia's Values-Driven Transformation

Background and Challenges Faced by Patagonia

Patagonia is an outdoor clothing and gear company founded by Yvon Chouinard in 1973. From its early days as a small climbing equipment manufacturer, Patagonia has grown into a global brand known for its high-quality products and its commitment to environmental and social responsibility.

However, this values-driven approach was not always a core part of Patagonia's identity. In the early 1990s, the company faced significant challenges as it grew rapidly and struggled to maintain its unique culture and values. Employees felt disconnected from the company's mission and there were concerns about the environmental impact of Patagonia's operations.

The Process of Redefining Core Values

Recognizing the need for change, Chouinard and his leadership team embarked on a process to redefine Patagonia's core values and realign the company with its original mission. This process involved extensive employee engagement and consultation, including:

- Company-wide surveys to gather input on values and culture
- Focus groups and interviews with employees across all levels and functions
- Analysis of Patagonia's history, mission, and impact on the world

Through this process, Patagonia identified four core values that would guide the company going forward:

- Build the best product
- Cause no unnecessary harm
- Use business to protect nature
- Not bound by convention

These values reflected Patagonia's commitment to quality, responsibility, sustainability, and innovation, and provided a clear direction for the company's future.

Implementing Values Across the Organization

With its new values in place, Patagonia began integrating them into every aspect of the organization. This included:

- **Embedding values into HR processes:** Patagonia updated its hiring and onboarding practices to emphasize values alignment, and incorporated values into performance reviews and employee development programs.

- **Reinforcing values through leadership behaviors:** Patagonia's leaders, including Chouinard himself, made a conscious effort to model the company's values in their own actions and decisions. They often stressed the importance of values to employees. They also held themselves and others accountable for living them.

- **Aligning policies and practices with values:** Patagonia reviewed all of its business practices and made changes to ensure they were consistent with its values. This included shifting to more sustainable materials and processes. They also partnered with environmental groups, and advocated for policy changes to protect natural resources.

Results and Lessons Learned

Patagonia's values-driven transformation has had a profound impact on the company and its stakeholders. Some of the notable outcomes and insights gained include:

- **Increased employee engagement and retention:** By aligning the company around a shared set of values, Patagonia has created a strong, cohesive culture that attracts and retains top talent. Employees are passionate about the company's mission and feel a deep sense of purpose in their work.

- **Enhanced brand reputation and customer loyalty:** Patagonia is authentically committed to its values. This commitment has earned it a reputation as a leader in corporate social responsibility. Customers are drawn to the company's high-quality products. They also like its dedication to environmental and social causes.

- **Improved environmental and social impact:** By integrating its values into all aspects of its business, Patagonia has made significant strides in reducing its environmental footprint and promoting sustainable practices. The company has also used its platform to advocate for important causes and inspire other businesses to follow its lead.

- **Long-term business success:** Patagonia's values-driven approach has not come at the expense of financial performance. In fact, the company has seen consistent growth and profitability over the years, demonstrating that doing good and doing well are not mutually exclusive.

Patagonia's transformation shows the power of aligning an organization around a clear set of values. Values that are authentic and aspirational. Patagonia has created a unique culture by engaging employees, leading by example, and integrating values into all parts of the business. This culture has driven its success for decades.

Measuring and Sustaining Values Alignment

Defining and integrating values is crucial. It's also important to have systems to measure and sustain values alignment over time. This involves regularly assessing how well the organization is living its values, identifying areas for improvement, and taking action to course-correct when necessary.

Assessing Values Alignment

1. There are several ways that organizations can assess values alignment:
   - Employee Surveys and Feedback Mechanisms:
   - Conducting regular employee surveys that include questions about values alignment
   - Providing channels for employees to give feedback and raise concerns about values

2. Analyzing trends and patterns in employee comments and complaints
   - Customer and Stakeholder Perceptions:
   - Gathering feedback from customers and other stakeholders on how well the organization is living its values
   - Monitoring social media and other channels for comments and reactions related to values
   - Conducting brand perception studies to understand how the organization is viewed externally

3. Auditing Policies and Practices:
   - Regularly reviewing policies, procedures, and business practices to ensure they are in harmony with values
   - Conducting gap analyses to identify areas where values are not being fully integrated
   - Benchmarking against other organizations to assess values alignment

By using a combination of these assessment methods, organizations can get a comprehensive picture of how well they are living their values and where there are opportunities for improvement.

Addressing Values Misalignments

When values misalignments are identified, it's important to take prompt and appropriate action to address them. Some steps organizations can take include:

1. Root Cause Analysis:

    - Investigating the underlying causes of the misalignment

    - Gathering data and conducting interviews to understand the factors contributing to the issue

    - Identifying systemic or cultural barriers to values alignment

2. Corrective Action Planning:

    - Developing a clear plan to address the misalignment, with specific actions and timelines

    - Assigning responsibility and accountability for implementing the plan

    - Communicating the plan to relevant stakeholders and gathering their input and support

3. Change Management Strategies:

    - Applying change management principles to ensure the successful adoption of new behaviors and practices

    - Providing training and support to help employees understand and apply the changes

    - Celebrating successes and milestones along the way

Addressing values misalignments requires a proactive and strategic approach, as well as a willingness to have difficult conversations and make tough decisions when necessary.

Sustaining Values Over Time

To sustain values alignment over the long term requires ongoing effort and attention. Some strategies for keeping values vital and relevant include:

1. Regular Values Refreshers and Trainings:

    - Providing regular opportunities for employees to reflect on and discuss the organization's values

    - Offering training and development programs that reinforce values and their application

    - Incorporating values into onboarding and orientation for new employees

2. Celebrating Values-Aligned Behaviors:

- Publicly recognizing and rewarding employees who exemplify the organization's values

- Sharing stories and examples of values in action across the organization

- Building values-based recognition into formal reward and incentive programs

3. Adapting Values to Changing Contexts:

- Regularly reviewing and updating values to ensure they remain relevant and meaningful

- Engaging employees in the process of refreshing and refining values

- Adapting values, language, and interpretation to reflect changes in the business environment or societal expectations

By making values sustainment an ongoing priority and responsibility, organizations can ensure their values remain a vital and integral part of their culture and operations.

Case Study 2: Zappos' Values Sustainment Journey

Background and Challenges Faced by Zappos

Zappos is an online shoe and clothing retailer known for its exceptional customer service and unique company culture. Founded in 1999 by Tony Hsieh and Nick Swinmurn, Zappos has grown rapidly over the years, and was acquired by Amazon in 2009 in a deal valued at over $1.2 billion.

One of the key factors in Zappos' success has been its strong emphasis on core values. The company has a set of 10 core values that guide every aspect of its business, from hiring and training to customer interactions and decision-making. These values are:

Deliver WOW Through Service

- Embrace and Drive Change

- Create Fun and A Little Weirdness

- Be Adventurous, Creative, and Open-Minded

- Pursue Growth and Learning

- Build Open and Honest Relationships With Communication

- Build a Positive Team and Family Spirit

- Do More With Less

- Be Passionate and Determined

- Be Humble

While these values have been an important part of Zappos' culture since its early days, sustaining and strengthening them as the company has grown has been an ongoing challenge.

Sustaining Values Alignment at Zappos

Zappos has implemented several strategies to sustain its values alignment over time, including:

- **Hiring for Values Fit:** Zappos is known for its rigorous hiring process, which includes multiple interviews and assessments to ensure that candidates are in tune with the company's values. The company believes that hiring for values fit is more important than hiring for skills or experience, as skills can be taught, but values alignment is essential for long-term success.

- **Intensive Onboarding and Training**: All new Zappos employees, regardless of their role or level, go through an intensive four-week onboarding program that immerses them in the company's culture and values. This includes training on customer service, communication, and teamwork, as well as opportunities to shadow and learn from experienced employees.

- **Regular Values Reinforcement**: Zappos often reinforces its values in many ways. These include daily stand-up meetings, company-wide events, and ongoing training and development. The company also encourages employees to recognize and celebrate each other for demonstrating the values in their work.

- **Performance Management Alignment**: Zappos has aligned its performance management system with its values, using a peer-based review process that assesses employees on their embodiment of the values, as well as their job-specific skills and results. This reinforces the importance of values alignment and holds employees accountable for living the values in their day-to-day work.

- **Adaptation and Evolution**: As Zappos has grown and evolved over the years, it has adapted its values and culture to remain relevant and meaningful. For example, in 2015, the company started using a new structure called Holacracy. It aims to distribute authority and decision-making throughout the organization in a way that aligns with its values of autonomy, transparency, and adaptability.

Results and Lessons Learned

Zappos' commitment to sustaining its values has had several positive impacts on the company and its stakeholders, including:

- **Strong Employee Engagement:** Zappos consistently ranks as one of the best places to work, with high levels of employee satisfaction and engagement. Employees report feeling a strong sense of purpose and connection to the company's mission and values.

- **Exceptional Customer Service:** Zappos is renowned for its customer service, which is driven by its core value of "Delivering WOW Through Service." The

company empowers its employees to go above and beyond for customers, and has earned a loyal following.

- **Distinctive Brand Identity:** Zappos' unique culture and values have helped it build a distinctive brand identity that sets it apart from competitors. The company's quirky, fun-loving image and commitment to customer happiness have made it a beloved and trusted brand.

- **Long-Term Success:** Despite challenges and changes over the years, Zappos has maintained its values-driven approach and has continued to grow and succeed. The company's ability to sustain its culture and adapt to new circumstances has been a key factor in its long-term success.

Zappos' journey shows the importance of not just defining values, but actively sustaining and strengthening them over time. By making values a core part of every aspect of the business, from hiring to performance management to daily operations, Zappos has built a culture that is deeply rooted in its values and that drives its success.

Conclusion

Throughout this chapter, we have explored the crucial role that values play in shaping organizational culture, driving performance, and sustaining long-term success. We have seen how values provide a foundation for decision-making, a framework for behavior, and a source of motivation and inspiration for employees.

We have also examined the critical steps involved in defining, articulating, and integrating values into organizational life. Organizations can make values a living part of their culture in many ways. They can find real values through employee engagement and reflection. They can then write clear and compelling value statements. Finally, they can embed values into HR processes and leadership behaviors.

However, as the case studies of Patagonia and Zappos have shown, the work of values alignment is never truly finished. To sustain values over time requires ongoing effort, attention, and adaptation. It involves regularly assessing values alignment, identifying and addressing misalignments, and finding new ways to keep values relevant and meaningful as the organization and its environment change.

Key Takeaways

- Core values are the foundation of organizational culture and performance. They provide a clear sense of identity, purpose, and direction for employees and stakeholders.

- Defining authentic values requires deep engagement and reflection, and should involve input from across the organization.

- Articulating values in clear, compelling, and actionable ways is essential for making them a practical guide for behavior and decision-making.

- Integrating values into all aspects of organizational life, from HR to leadership to policies and practices, is key to making them an authentic part of the culture.

- Regularly assessing values alignment, addressing misalignments, and adapting values over time are critical for sustaining values and keeping them relevant and impactful.

The Continuous Cycle of Strategic Planning

Defining and sustaining values is not a one-time event, but an ongoing process that is integral to the overall cycle of strategic planning and execution. As organizations set their strategic direction, define their goals and objectives, and develop their plans for achieving them, values should be a constant touchstone and guide.

At the same time, the process of living and sustaining values generates new insights and learning that can inform and enrich the strategic planning process. As organizations assess their values alignment, identify areas for improvement, and adapt their values to new contexts, they gain a deeper understanding of their strengths, weaknesses, and opportunities for growth.

In this way, values and strategy are mutually reinforcing, each one supporting and enhancing the other in a continuous cycle of alignment, execution, and renewal. By making values a core part of this cycle, organizations can ensure they are not only achieving their goals, but doing so in a way that is consistent with their deepest beliefs and aspirations.

Call to Action

As a leader or member of an organization, you have the opportunity and the responsibility to make values a driving force for good. Whether you are just starting to define your organization's values, or are looking for ways to sustain and strengthen them over time, the insights and strategies in this chapter can help guide your efforts.

But the true power of values comes not just from understanding them, but from living them every day. It comes from the small moments of decision and action that add up to a culture of integrity, purpose, and performance. It comes from the courage to hold yourself and others accountable to your highest aspirations, even when it is difficult or unpopular.

So let this chapter be a call to action, a reminder of the incredible potential that values hold for transforming organizations and the world around us. May it inspire you to take up the challenge of defining, articulating, integrating, and sustaining values in your own organization, and to be a leader and role model for others in doing so.

As you embark on this journey, remember that you are not alone. You are part of a growing community of leaders and organizations who are recognizing the power of values and putting them at the center of their work. By sharing your experiences, learning from others, and supporting each other along the way, we can create a world where values are not just words on a wall, but a living reality that shapes our organizations, our communities, and our future.