

# Organisational values:

## *The evolution of 'design-by-consensus', a positive step?*

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### Values - what are they?

'Beliefs', 'morals', 'principles', and 'ethics' are all words often used to describe values. When considering organisational values these same words are often found in management literature, but the list is extended to include words like 'commitments', 'promises' and 'pledges'.

The Business Dictionary defines organisational values as 'operating philosophies or principles that guide an organisation's internal conduct as well as its relationship with the external world'

This, for us, sums up organisational values well. Organisational values have a dual role, to govern internal organisational behaviour (which speaks to the more literal interpretation of values) - but also to shape and define the organisation's relationship with its customers.

Sounds simple enough. Yet how many public sector leaders can truly claim that their values define their relationship with their customers and really govern employee behaviour? If it's as few in number as our experience would suggest, why bother having values at all?

### The public sector malaise

For all the hardworking and talented individuals we meet, and their genuine passion for customers and improving services - we find more than a hint of malaise across the public sector. A perpetual feeling of the wheel being reinvented, broken leadership promises, incomplete transformation programmes, a tolerance of mediocrity, and an inability to get the basics right often characterise the views of employees through our discussions.

When broaching the subject of values, we are often greeted with deadpan or frustrated looks, perhaps a wry inward smile or even abject scorn with 'we've been here before...'

The very concept of organisational values seems to frustrate. Apart from a converted minority, typically organisational values are ignored, unknown or considered meaningless words added in strategy documents and on websites.

## The public sector malaise

Patrick M. Lencioni, writing for the HBR several years ago said 'most values statements, are bland, toothless, or just plain dishonest. Far from being harmless, as some executives assume, they're often highly destructive. Empty values statements help create cynical and dispirited employees and undermine managerial credibility'.

We think Mr Lencioni makes a fair point. Time and time again, organisations - perhaps inspired by a new chief executive, or pushed on to the agenda by a dogged, idealistic HR professional - undertake a process to redesign organisational values. Frequently the ultimate result is something akin to Lencioni's description.

Values are often launched and loudly trumpeted at management conferences, added to key strategies and posted on reception walls. Public sector leaders and HR professionals may proudly

point to links made in performance appraisals, reward schemes and recruitment processes - but we are yet to find an organisation in the public sector that genuinely has its values reflected in its organisational DNA, passionately demonstrated by employees and used to differentiate their organisation from their sector peer group. But why is this so?

In part one of this series we referred to the lack of control over organisational direction that frustrates leaders and employees alike, however it is employees who are the custodians of culture and behaviour, so what's stopping values from becoming a real differentiator in the public sector?

Confusion about what they are, how they should be designed and how they can add value may still be at the heart of much of the trouble.

## Design-by-consensus

“Some organisations are even voting on the most popular values listed by employees and adopting those.”

Recently when running a workshop with an NHS client, a senior manager spoke of his high personal standards, and stated that his 'personal values and the way he used those to run his team were more important than the espoused organisational values'. This is not an unusual statement in our experience - we often come across this sort of reaction when there is a degree of incongruence between an individual's own values and those of their organisation.

Of course it's not up to the organisation to make their values appealing to the sensibilities of incumbent employees, yet this seems to be exactly what many public sector organisations are trying to do.

We have come across several examples of public sector bodies attempting to design organisational values by consensus. By that I mean extensive engagement exercises specifically designed to gauge the views of employees, partners even customers and communities to answer the question: what should our values be? Some organisations are even voting on the most popular values listed by employees and adopting those. But how on earth did things end up here?

It's true that some successful commercial organisations that had neglected to articulate their organisational values in the past looked inward and undertook values-discovery exercises to try and isolate the characteristics/behaviours/strengths that had led to their success or competitive advantage. Perhaps this has been the origin of the pattern of values-discovery exercises in the public sector. Perhaps it is the desire to engage or an acknowledgement of the importance of being seen to engage. Whatever the reason, success is the pertinent word in this. It seems nonsensical that organisations that are not particularly successful would look internally and try and either articulate what has contributed to their limited success or, worse, shortlist the values that sit most comfortably with employees based on their view of the world right then and there...

The result of these exercises is predictable - a generic shortlist that might include values like: Customer Service, Excellence, Honesty, Integrity, Respect, Diversity, Caring, Professional, Team-working, etc. It's hard to argue with these values in terms of genuine intent and merit, but selecting these do ensure that the flag of unoriginality, blandness and similitude continues to fly high across the sector.

“Adopting values-discovery exercises and internal votes for ‘popular values’ can take away this most fundamental of leadership responsibilities...”

Aligning values with direction should remain predominantly the sphere of Boards and Top Teams. We’re not advocating boards go it alone. Of course Boards should use data gathered from across the organisation about culture and ‘on-the-ground realities’ to inform the design of their values, but we are advocating a process by which the Board determines the final set of values based on their unique long-term understanding of the future and agreed imperatives for change.

It is certainly up to the Board, and for that matter leadership at all levels, to promote and sell

values, stress their importance, and engage their employees in why they matter, being crystal clear about what the impact of living those values will be and equally clear about the consequences for organisational reputation of nothing changing.

But for that to occur, values must be owned and ignite a sense of passion amongst board members. Adopting values-discovery exercises and internal votes for ‘popular values’ can take away this most fundamental of leadership responsibilities, but also the opportunity for genuine leadership engagement and ownership.

## ‘Aspirational values’ – The double-edged sword

To further confuse the picture, in the public sector, time and time again we are hearing that ‘our values are aspirational’. It sounds fair enough; in fact we’ve supported that position through our consulting work with several clients. However there’s aspirational and then there’s completely unrealistic. The word aspirational appears to be as likely to be used as a legitimate statement of intent as it is a get-out-of-jail-free card.... How long can values remain credible if year after year they remain aspirational? If strong customer service is a value in 2005 and again in 2012 yet customer satisfaction results are mediocre or

poor throughout that period, yes, it could be argued it remains an aspirational value, but equally it could be argued it’s a broken commitment, it’s meaningless and damaging to reputation and brand.

Values for values-sake are pointless, meaningless and as Lencioni suggested, a remedy for adding to the pool of dispirited and cynical employees. A minority of aspirational values may well be fine - they point to a changing future and changing expectations. But genuine and ruthless commitment to more fundamental expectations may be a better starting point.

## Values – The changing landscape

“ If Pret A Manger can deliver consistently high levels of quality and customer service across its branches, why can’t it happen in the public sector?”

The extensively documented collapse of energy giant Enron, in 2001 (at the time, America’s seventh largest company) was notable not only for corruption and the colossal scale of fraud committed, but for the culture of greed, aggressiveness and arrogance that developed at pace with its commercial success. In the months that followed, the yawning gap between Enron’s stated values (Communication, Respect, Integrity, Excellence) and their actual organisational practice were laid bare for all to see. The collapse also helped shed light on the lip-service-commitment to organisational values that existed in many corporate organisations in the US and beyond. ‘Values’, previously the domain of long-time custodians of concept like Disney, were now firmly on the corporate map. Today,

performance against values are increasingly being used as a determinant of organisational health by shareholders, investors and partners.

There are many strong examples of organisations this side of the Atlantic which are renowned for living their values, including John-Lewis Partnership, Pret A Manger and First Direct, all of which are consistently rated highly for their service. Interestingly, each of these three organisations employ significant numbers of relatively low skilled and low-paid workers – occasionally offered as a reason to partly explain the lack of commitment to values in the public sector. If Pret A Manger can deliver consistently high levels of quality and customer service across its branches, why can’t it happen in the public sector? Of course the answer is, it can.

“For public sector organisations struggling to bring their values to life in any meaningful way, leaders could do worse than under-promise and over-deliver.”

## Simplicity – So often the answer

We focus a significant amount of our collective consulting time working with clients to help simplify messages, priorities and processes, and so perhaps it's no surprise we're advocating simplicity in values design.

Pret A Manger has three core values all revolving around the word 'Passion': **passionate about food**, **passionate about people** and **passionate about success**. The messages are simple yet each of the three values articulate clear and strong messages to both internal and external audiences, and they have been used as a platform to shape an explicit organisational culture.

The challenges of shifting culture, behaviour and winning hearts and mind are so stark in the public sector it makes sense that simplicity is at the heart of leadership thinking. We believe public sector leaders would be better off channeling organisational commitment to a smaller number of values, and maintaining an aggressive commitment to embedding and living those values. For public sector organisations struggling to bring their values to life in any meaningful way, leaders could do worse than under-promise and over-deliver.

## Living values

The starting point for values-design is shared leadership commitment to developing an explicit organisational culture. If values aren't intended to shape and signify a culture and expectations of employees, there is little point having them at all. As discussed these values must be aligned with both strategic direction and with the external promises being made to customers and communities.

Engaging employees in what values mean, why they matter and how they can be used to differentiate culture and the service provided to customers - should be at the heart of strategy and engagement programmes. As detailed earlier, we would advocate input in, rather than ownership of values design.

Values need to become part of the lifeblood of an organisation. They need to be owned and fiercely guarded by the board first, and then all employees. They should be as relevant at the orientation of a new Board member as they are at the induction of an entry-level new starter on the frontline. They need to be embedded in governance and processes, in managing performance expectations and wired in people management practices, driving

recruitment, appraisal, development, promotion and reward. Of course the mechanics of aligning values in people management processes will only result in significant change if the values are aligned with genuine vision and crucially, are in the hearts of board members and leaders. By not involving public sector leaders in this design and commitment process, values will remain as toothless as Lencioni describes.

Making explicit statements about who we are and what we stand for and then living up to those statements is not an unachievable holy grail, but its certainly made all the more difficult by poor values design processes, uncommitted leadership, and unaligned people management practices.

Again, as in the case with vision creation (described in part 1), values design and implementation provides an opportunity to build a point of difference and stand out from the crowd. Public Sector leaders need to work much harder and aim much higher in the way they think about design and embed organisational values. The intervention of a political pragmatist or strong group of leaders may be all that is required to set the ball rolling.

In part three we put the spotlight on public sector leadership. In particular we examine whether public sector paradigms of 'serving' and 'leading' are confused and working at cross-purposes.

If you would like to share any thoughts or feedback in relation to this article, please contact Tony Reynolds, via email on [tony@invigor8.eu](mailto:tony@invigor8.eu)

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