

# Building A Values— Driven Organisation

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*A cohesive culture based on values is rapidly becoming one of the most important criteria for business success. Many organisations have chosen core values and have not had the expected results they imagined.*

*Understanding the personality and strengths of a culture—its motivating drivers—the stories that illuminate the values, and the directions that the employees want to take are essential prerequisites for the effective integration of values. The most successful methods for extracting this information are whole-systems based.*

**Key Words:** Personal values, organisational values, cultural beliefs, cultural transformation tool, appreciative inquiry.

## Best practice exchange

**H**ere are some of the key learning we have to offer based on our work in this field:

- Values need to come from the people, not from an executive member or management committee. The vision and mission statements of an organisation inform employees about the ‘what’ and ‘why’ of a company. Values reflect the ‘how’—*how* decisions are made and *how* people are expected to behave. Values are a representation of the beliefs of people. Therefore, in order for values to be genuinely embraced and lived, they must stand for what is of significance to the population.
- Measurement matters. If you can measure it, you can manage it. Find a tool that assesses the personality, health and evolutionary state of a culture. This allows you to see your starting points and the progress made over time.
- Organisational transformation begins with personal transformation. In order for values to be successfully integrated into a culture, they must be rigorously modelled and supported by the leadership. Coaching and/or transformation work is often required to reach this state.
- It is important for employees to experience alignment of their personal values to those of the organisation for which they work. Otherwise, the ‘good people leave’. This is

critical if you want to attract and retain the best people.

- Dialogues around the values are essential to maintain their vitality and development. Stories, behaviours and definitions of the values need to be brought to the forefront on an on-going basis. Performance compensation needs to be values-based.

## Two tools that make a difference

A variety of organisations have successfully implemented work with values using two tools, a values assessment and an in-depth whole system planning process. In this article we focus on two of these tools:

- The values assessment, Cultural Transformation Tools (CTT), measures personal and organisational values so that they become visible and viable.

- Appreciative Inquiry (Ai) provides a whole system dialogue and planning process that allows all stakeholders to engage in vital conversations that define the values and design behaviours and systems that create the desired culture.

Organisations as diverse as ANZ, MTV Europe, the World Food Programme, Nortel Networks, and Banksys have successfully combined these methodologies to optimise the use of values in the way they work. Some applications include:

- Nortel developed whole system definitions of values and an ethical code of conduct.
- The World Food Programme defined and directed their cultural evolution.
- Wegmans used them for leadership alignment and operations planning.
- Euro DB applied them to realign their culture.
- Horizons Planning merged two cultures.
- ANZ Bank incorporated them to define their Societal Purpose.

## The Case for Values

Every individual and organisation is involved in making decisions on a daily basis. The decisions *individuals* make reflect their *personal beliefs* about what they think are important. The decisions *organisations* make reflect the *cultural beliefs* about what the organisation thinks is important. In other words, the decisions people make are a reflection of their personal and organisational values. When the values of an individual are the same as or similar to the values of his or her organisation, then there is a values alignment. When the values of an individual are significantly different from the values of his or her organisation, then there is a values misalignment.

Research shows that companies that seek to align the values of the organisation with the values of employees, and vice versa, have the best long-term performance, are enjoyable to work in, and more focused on the needs of their employees and their customers. Organisations that do not have this alignment tend to be inward-looking, bureaucratic, and stressful. They may be financially successful but find it difficult to hire and keep talented people. Companies that seek to create a values alignment, on the other hand, have few problems attracting and retaining the best people.

However, there is even considerable research showing a strong link between values alignment and organisational effectiveness and financial success. In *Corporate Culture and Performance*, Kotter and Heskett (1992) show that companies with strong adaptive cultures based on shared values significantly outperformed other companies. Over an eleven-year period, companies that emphasised all stakeholders – employees, customers and stockholders, and focused on leadership development, grew four times faster than companies that did not. They also found that these companies had job creation rates seven times higher, had stock prices that grew twelve times faster, and profit performance that was 750 times higher than companies that did not have shared values and adaptive cultures. In *Built to Last*, Collins and Porras (1994) show that companies that consistently focused on building strong corporate cultures over a period of several decades outperformed companies that did not by a factor of six and outperformed the general stock market by a factor of 15.

## Identifying an organisation's values: using cultural transformation tools [CTT]

The **Cultural Transformation Tools** [CTT] assessment provides a comprehensive framework for measuring cultures by mapping values. This technique has been used by over 700 organisations in 26 countries and 18 languages during the past seven years, including such companies as Microsoft, Unilever, Ericsson, Siemens, Ford, L'Oreal, Masterfoods, Kraft, PriceWaterhouseCoopers, and Volvo. It has also been adopted by the International Management Consultants, McKinsey & Company, as their method of choice for mapping corporate cultures and measuring progress towards achieving culture change.

This is a *whole system process* with an easy to use on-line format. The assessment incorporates three simple questions to begin the process:

Asking employees to select the ten values that best described who they are: the ten values that best represent how their culture operates; and, the ten values that represent for them a high-performance organisation.

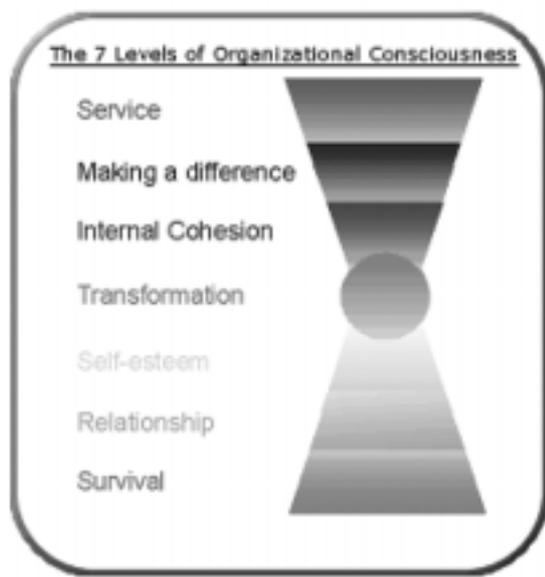


Figure 1: Seven Levels of Consciousness

The results are mapped onto a framework that has become known as the Seven Levels of Consciousness (see Figure 1).

Richard Barrett (1998), the former Values Co-ordinator at the World Bank, originated the CTT assessment in conjunction with the Seven Levels of Consciousness framework. He modified and expanded Maslow's hierarchy of needs to create a model that explains the motivations of individuals, groups and organisations. When organisations feature values that spread across all seven levels, they are said to have 'full spectrum consciousness'. By mapping the values identified through the CTT assessment to the Seven Levels of Consciousness model—each value maps to a particular level of consciousness—one is able to compare the alignment between Personal Values, the Current Culture, and the Desired Culture of the organisation as perceived by various demographic groupings in the organisation. It shows the differences in perception between groups by positional levels, business units, location, lengths of service, ethnicity, and gender (see Figure 2). In addition to values alignment, it can also measure the cultural entropy, or degree of disorder, within an organisation (see Figure 3).

Through this very simple and rapid format, the organisation has an immediate way to see which values resonate most with the organisation's employees and to begin a powerful dialogue with resonance throughout the organisation. In a way that few tools can offer, the CTT



Figure 2: Cultural Transformation Tools



**Figure 3: Results of a Values Assessment from a High Entropy Organisation**

assessment allows an organisation to ‘get its arms around’ the values of its people.

### **Defining and living the values: using Appreciative Inquiry**

Once the values have been identified, what comes next? This can be a sticking point for organisations who somehow determine the values they want, but find no way to create true engagement among the employees. For that reason, we recommend incorporating the Appreciative Inquiry methodology.

Appreciative Inquiry (Ai) provides an effective philosophical and methodological container for inquiring into values. It enables organisational dialogue and knowledge sharing that can involve the whole system.

The principles of Ai cluster around the idea that organisations and the people in them do not need to be fixed but rather affirmed. With Ai, the intervention is not around analysing and attacking problems, but around asking powerful, positive questions around *key topics* that help access an organisation’s strengths and capacities, their ‘positive core’ for energy and movement. Choosing to study the best in a system and ‘what gives life’ generates energy, participation, and fresh, well-grounded visions of the future. This is a perfect match with inquiring into organisational values, where identified values can serve as the key topics for inquiry.

## **Methods and principles**

The Ai principles translate into a planning methodology that is rich in storytelling, metaphor, powerful questions, future-based imagery, a focus on the positive, and adopting an ‘appreciative eye’. The theoretical basis rests in social constructionism, which basically espouses the belief that reality is formed through conversation, that language and communication are the centres of meaning making, and that knowledge is generated through social interaction. Therefore, ways of encouraging conversation and inquiry are key.

Ai makes for simple, powerful conversations that bring the whole into interaction. It offers manageable ways to include many people in planning change and movement together, in defining or redefining a collective sense of purpose and culture.

In addition to gathering information and knowledge, people are connected in conversations that can continue to spread through the organisation. The general outcome is that the powerful, positive, provocative nature of the questions continues to create conversations. By the continued processing around the “data” generated, organisational wisdom can be tapped in ways that move the organisation in the direction of the combined energy of its members.

### **The planning cycle**

In current practice, most Ai initiatives go through a “**5-Ds**” planning cycle that may be condensed into an intensive time span or engaged in over several months.

1. Definition: Determining with the organisation what they want to accomplish, who will be involved, how the engagement might unfold, and what the results generated may require of leadership and of the whole system.

2. Discovery: Inquire into the best of what is, what gives life, around the chosen key affirmative topics.

The dialogues of discovery use meaningful, positive questions in a paired interview format as a main tool. Grounded in the principle that organisations move in the direction of what they inquire into, great care is focused on the topics chosen. Questions are designed to focus on organisational health, promoting a move from negotiation to dialogue and co-creation, from problem to positive change.

The rigor of Discovery comes in the way the dialogue is created—through the numbers of people invited from different levels, areas, and locations; the questions that are asked to generate the most creative thinking; and the way the conversations are tracked, captured, and mixed. With this high participation process, conversations are generated that have never occurred before within the organisation or group.

3. Dream: Create a positive, shared image of the desired future, of what could be.

Generally using a focusing question to bring the outcomes of the Discovery phase to a new focus, the Dream Phase uses examples from the positive past to emerge images for a more valued and vital future.

4. Design: Craft the social architecture of the future. Determine what should be.

When new dreams emerge, organisations almost always need to redesign some of their processes, systems, structures, and patterns of collaboration. This phase uses dialogue and stakeholder expertise to clarify how the organisational vision can show up in ongoing activities. Design statements [provocative propositions] are crafted for key organisational elements.

5. Destiny is an invitation to action inspired by the previous three steps—what will be.

Destiny is where the organisation delivers on its image of the future, using the momentum from the process to incorporate and continue new learning. New competencies surface to sustain the innovations. If the principles and competencies of Ai have been embraced, the 5-D cycle becomes part of the way the organisation operates.

### ***Creating culture change and transformation using values***

Here's a format for building a basic cultural transformation process based on organisational values using CTT and Ai together.

#### **STAGE ONE: PROGRAMME DEFINITION AND VALUES MEASUREMENT**

1. Change begins with the perception by the leader that the culture needs to be optimised to bring the organisation to its performance potential and taking steps to create greater awareness of and input into the culture.
2. Engage a representative steering/core team (usually of 20—50 people, if the organisation is a large one) sponsored by senior management to plan the whole engagement process and act as champions.
3. Administer the CTT assessment to the whole system to look at personal, current culture, and desired culture values. This measures and maps the health of the culture by identifying its values.
4. Bring the Steering/Core team together to consider the assessment results as formatted on the Seven Levels Model—connections between personal and desired culture values, the levels of the values, whether the values

are individual, relational, organisational, or societal in nature, where the gaps are, surprises, and areas of excellence.

Based on the above, have the group identify three to five *core values*, values important enough to the whole system to serve as a basis for people to make decisions and as a basis for day-to-day behaviours. Using these core values as ‘topic choice’ for a whole system dialogue, the team lays out the key components of the Culture Transformation programme.

5. Obtain the commitment and endorsement of the leaders and managers to the key components of the culture change programme. Organisational transformation can only occur if the leaders and managers are willing and able to walk the new talk—to change their own behaviours along the way to shifting the organisation’s living of its desired values and culture. This is more than a sign-off process by leadership in that it is an engagement in their own inquiry around values and culture.

## STAGE TWO—IMPLEMENTING VALUES INTO A CULTURE USING APPRECIATIVE INQUIRY FOR A SYSTEM-WIDE INQUIRY AND PLANNING

The process of using Appreciative Inquiry as a planning method for defining values behaviours and embedding them into the culture for long-term benefit may take the form of intensive, summit-type engagements of three to five days with many stakeholders present or smaller departmental or regional formats over weeks or months.

6. Discover and Dream: Depending on the size of the organisation, begin with small or large group cascading interviews, conversations and inquiry into the core values of the desired culture. Provide the facilitation and

means to define and capture behaviours, stories, wishes and dreams about those values. (See typical inquiry questions below.) Use the strength of the positive values to transform the potentially limiting values and high entropy.

### Regarding Personal values:

- What do these values make possible in your life?
- When have you felt that your actions spoke for the best in you? What made that possible?
- How does this value/s connect you to your current organisation?
- How are your personal values made visible in your life?
- How can you make these values more potent?

### Regarding Organisational Values:

- If you were conducting orientation for new employees, what story would you tell them that best represents the living, positive core of this organisation?
- Think of a time when this organisation was at its best around this value/s?
- Where/how do these values show up in the organisation now?
- How have these values served the organisation in the past?
- What wishes might you have to move the organisation from current to desired values?

7. Design for Destiny: When the values have been defined broadly, begin to design and redesign organisational elements: systems, employee policies, codes of conduct, customer relations—all in concert with the core values and desired culture. Build space for continual conversation around values and culture. Keep collecting and making available stories about how the values are living in the

culture as part of its mission and vision, as part of its daily operations.

This stage will take time and continued leadership support for the importance of a values-based organisation.

### STAGE THREE—HOW FAR HAVE WE COME?

In reaching the Destiny phase of the change process, there is always the need to adapt, adjust, integrate new learning and, if possible, check to see how far you have come. At this point, a year or more into the process, an organisation can use the Cultural Transformation Tools survey again to measure the culture. We have found that stakeholders are genuinely engaged and committed to comparing results from one year to another. Once again, the outcomes provide the impetus for rich conversations along the cultural transformation journey, and conversations are where change and growth take place.

8. Measure the outcomes of the cultural transformation programme. Re-administer the CTT assessment throughout the organisation.

- Measure the new Current Culture.
- Measure the new Desired Culture.
- Measure the change in entropy.

9. Compare the new results with those of the original assessment. Develop new culture initiatives to achieve new goals and objectives. Fold the new into the cultural mix and continue stirring.

## Conclusion

Whatever process you choose to work with, the most important factor is that it is a whole systems methodology that focuses on topics of

meaning. Employees, and in fact, all stakeholders are far more interested in the results if they know their personal input is contained in it. Gathering everyone's input on the values creates a buy-in that cannot be replicated by any smaller representative grouping of a system. This approach ensures greater understanding of the dynamics of a culture as well as the buy-in of the values integration work. Being a values-driven organisation is rigorous and continuous work whose pay-off includes higher productivity and profitability, best employee attraction and retention, pride, and increased creativity and resilience. Focusing on the strengths of a collective raises the energy and engagement of the stakeholders.

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*For more information on Cultural Transformation Tools, go to [www.corptools.com](http://www.corptools.com).*

*For more information on Appreciative Inquiry, go to <http://ai.cwru.edu>.*

## BIOGRAPHICAL NOTE

Joan Shafer is the Senior Partner at Richard Barrett & Associates; responsible for developing and presenting cultural transformation programs, and the development of new values assessment tools. She is also responsible for the development and implementation of the Cultural Transformation Tools consultant's training programs. Joan's areas of expertise include implementing personal and cultural transformation, leadership coaching, training, and the facilitation of workshops in the areas of group cohesion, personal transformation and values alignment.

Sallie Lee is an organisational design consultant and principal of Shared Sun Studio. She has applied and taught Ai in corporate, governmental, and social sector settings, using the curriculum she developed for effectively and quickly enabling participants to use Ai with their own organisations and clients. A charter co-owner of Ai Consulting, she first trained with David Cooperrider, Ai's originator, in Case Western Reserve University's year-long Global Excellence in Management (GEM) program, gaining certification in Global Change and Social Innovation. Since then, she has continued her study of Ai, training with Jane Watkins, Bernard Mohr, Jim Lord, Ron Fry, and other Ai innovators. Sallie has developed two workshops on Ai and Values, being taught world-wide, in partnership with Richard Barrett and Associates combining their well-known cultural transformation values assessment with Ai applications.