

INTRODUCTION

Every company has values. At a basic level, values are the core beliefs and commitments that matter most to a company and the foundation of the way it conducts business. Sometimes these values are baked into the company from the start by the founders. Other times they evolve over time as the company grows and differentiates itself from competitors.

But, while every company has values, many haven't formally defined and articulated them—and they're missing out on a great opportunity.

A set of core values is the bedrock of a company's culture. They establish standards for ethical decision making that contribute to a company's code of ethics. Grounding policies and training programs in core values helps employees understand why certain rules are in place, so they can internalize those expectations. And as the company grows, core values can help it manage change without compromising the factors that have made it successful.

Yet it is difficult to turn something as conceptual as values into something concrete. That's why Convercent has compiled this guide for defining and articulating a company's core values. Here you'll find five exercises to help you assess what matters most to your company, and then translate those themes into core values. We've also included examples from values-driven companies like Zappos, Whole Foods and Google to illustrate the process.

You don't have to do all five exercises; you can pick the one that's the best fit for your organization. Or, you can try more than one and compare results. But the more work you do defining what your company believes and how it expects employees to act, the better you will understand your values and be able to promote them.



62% of executives said clearly defined and communicated core values and beliefs contribute to a company's success.

Exercise #1
**Ask Key Questions
to Uncover Values**





EXERCISE #1

The basic question, “What are our core values?” can be difficult to answer—particularly if your company isn’t used to talking about the concept. One way to overcome this hurdle is to step back and ask broader questions about key factors that drive your company’s success.

EXERCISE #1 - OPTION 1

EXAMINE WHAT MATTERS MOST TO YOUR STAKEHOLDERS.

This approach can gradually reveal the values and ethics that help you achieve your goals and live up to your standards. Here are two ways to approach the process:

Step 1

Think about all interactions between your company and each of its major stakeholders. Then ask what those stakeholders want or need out of the experience. For example:

What is most important to our employees? Feeling trusted? Being treated fairly? Having a significant say in the company's direction? Depending on your company culture, employees may value having fun, or feeling like their work has a positive impact on the world.

What is most important to our owners and managers? Exceeding customer expectations? Being transparent about financial and management decisions? Helping employees achieve their potential?

What is most important to our customers? Responsiveness and customer service? Value for their money? Working with companies that have a positive social or environmental impact?

EXERCISE #1 - OPTION 1

EXAMINE WHAT MATTERS MOST TO YOUR STAKEHOLDERS.

Step 2

Next, identify the core values that enable your company to address these key issues for stakeholders. For example, if employees care about trust, fairness and having a say in the direction of the business, one of your core values might look similar to computer maker Dell's:

"Leading with openness and optimism: We value different perspectives and experiences because we believe everyone has a contribution to make. We focus on honest and practical communications, listening carefully and taking action to deliver solutions for real-world challenges."

If exceptional customer service is a key concern for management and customers, your core values might include a mandate like Disney's:

"Never a customer, always a guest."



EXERCISE #1 - OPTION 2

EXAMINE YOUR COMPANY'S PURPOSE.

Think about why your company is in business, and consider the impact that the owners, managers and employees want it to have. Ask a series of questions focused on the company's interests, goals and defining characteristics, such as:



What is our company's broader purpose or reason for existence (beyond making money)?

What contributions does our company make to the world?

What do we want be known for?

How do we want to treat people, whether they're employees, customers, partners, or the public at large?

Why do we act the way we act and do the things we do?

Based on those answers, consider the values and ethics that are needed to help you achieve your broader purpose. For example, Google is famous for its "Don't be Evil" mandate, but the company's core values also include statements that describe how it wants to do business, such as "Focus on the user and all else will follow."

Exercise #2

Turn Personal Values into Shared Values



EXERCISE #2

Some companies don't need to look very hard to find their core values. They're right there, within the personal values of the people who make up the organization.



Defining core values from shared individual values is a good approach because the people inside the company—and their decisions and actions—ultimately make up a company's culture. When you align core values with people's personal beliefs, you stand a better chance of creating a culture that upholds those values.

Online retailer Zappos is one of the most famous examples of a company that molded the individual values of its staff into a collection of shared values. CEO Tony Hsieh has said that the company didn't have a defined set of core values in its early years, but as the company grew he realized it was time to codify what the company believed. He started by asking people within the company to describe their values and turned them into the "*Zappos Family Core Values.*"

EXERCISE #2 TURN PERSONAL VALUES INTO SHARED VALUES.

Here's how to follow Zappos' lead and combine individual values into shared values:

Step 1 Ask a Small Group of Key Personnel for Their Personal Values.

This group should be the founders, owners or top executives—the ones who set the tone for the rest of the company. Send them an email asking them to define in one word or a short phrase the four or five key values that guide their lives. Emphasize that you're looking for their personal values—the things that define who they are and how they interact with other people.

Step 2 Identify Shared Values within Their Responses.

Compile all the responses and look for common themes or repeated values. Narrow this list to 10 or fewer values that are shared by the greatest number of people.

Step 3 Test the Preliminary List.

You want to check whether those values are really reflected in your company culture. Zappos' approach was to send a list of suggested values to all its managers and ask for feedback, additions and subtractions. The email asked them to think of employees that they believed represented the company's culture and then assess whether the list of proposed values included the best qualities of those employees.

Step 4 Share the Results with the Whole Company.

After you've reviewed management feedback and made any necessary changes, send the list of proposed values to all of your employees and ask for their feedback. Also ask them to include any of their personal values that they think should be added to the list.

Step 5 Finalize the List Based on the Responses.

If there is strong consensus to include additional personal values, combine them with your existing values. At this point, you should have a list that represents the collective interests, beliefs and values of your organization.

Exercise #3

Build Consensus





EXERCISE #3

Taking a break from day-to-day business responsibilities can help people in your organization focus on the question of values and ethics. For this exercise, assemble a group of key personnel—including executives, managers, HR and compliance specialists, and employees from different parts of the business—to act as a values task force. Then, set aside several hours for this group to sit down in a room and reach consensus from a list of potential core values.

EXERCISE #3 BUILD CONSENSUS

Here's how it works:

Step 1 Break into Small Groups.

Divide the group into pairs and give each team a stack of 20-30 cards that have common core values, such as Accountability, Innovation, Passion, Trust, and so on. If you don't want to make cards you could print out a list of values from a site such as The Ethics Resource Center (<http://ethics.org/resource/definitions-values>).

Step 2 Analyze Your Values.

Ask each team to choose 8-10 values it thinks the company upholds today, or should strive for in the future. Each team should be ready to explain its choices by describing specific examples of those values in action. Give team members 15-30 minutes to debate among themselves.

Step 3 Compare Results.

Have each team present its list to the entire group, and look for values that appear more than once. Write those common phrases on a whiteboard or a poster for further discussion.

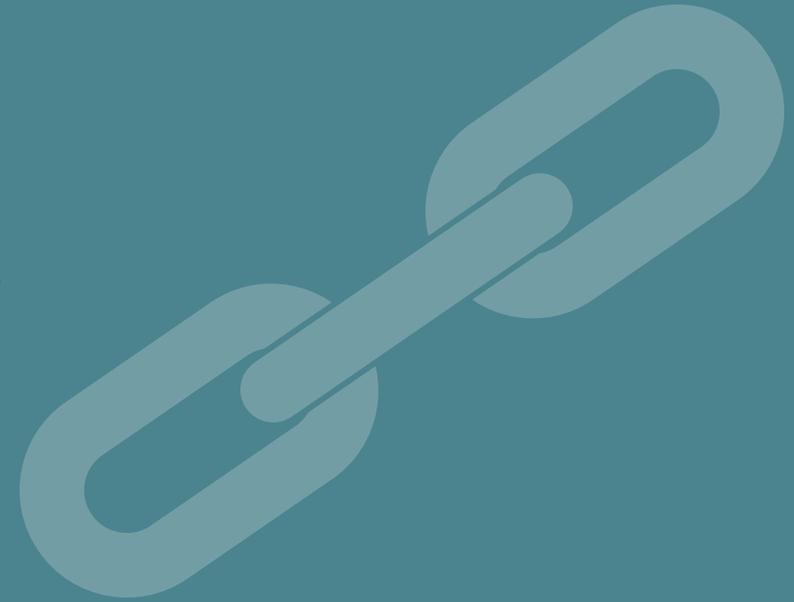
Step 4 Confirm the List.

Invite the entire group to debate the list and narrow it down to a final list of core values. The conversation should focus on how the company upholds those values—including a discussion of the kinds of actions that are, and are not, consistent with those values. These behavioral questions will be important for writing a code of business ethics that protects your core values.

If the group struggles to cite examples of any value in action, that value probably doesn't belong on your list. But by the end of this session, you will have reached consensus on a set of core values to share with the rest of your company.

Exercise #4

Link Actions to Values





EXERCISE #4

Citing specific examples of how your company upholds its values is one way to make the concept of a core set of beliefs more concrete. So for every value you define, provide a sentence or two describing what that value looks like in action or identifying specific actions that demonstrate your company's commitment to it.

EXERCISE #4 LINK ACTIONS TO VALUES

Step 1

For example, like many companies, Whole Foods includes quality in its core values. But the organic retailer defines quality in the context of its business, which means *“Selling the highest quality natural and organic products available.”* The company then goes further by describing the actions it takes to uphold that value:

“We define quality by evaluating the ingredients, freshness, safety, taste, nutritive value and appearance of all of the products we carry. We are buying agents for our customers, not the selling agents for the manufacturers.”

Step 2

Also spell out behavior you won't tolerate because it would undermine your core values—such as paying bribes, working with suppliers who exploit workers, or allowing employees to make off-color jokes that create an uncomfortable work environment. For example, Clif Bar, the maker of natural snacks and nutrition bars, lists *“sustaining our business”* as one of its core values (which it calls its “5 aspirations”). But it also provides a concrete declaration of how to achieve that goal: *“Never compromise quality.”*

EXERCISE #4

LINK ACTIONS TO VALUES

If your company is more oriented toward actions than conceptual values, you can take this exercise even further and follow the lead of Netflix: When defining its culture, Netflix decided that *“Actual company values are behaviors and skills that are valued in other employees.”* Therefore, the company didn't cite its list of values. It assembled a list of nine core behaviors and skills:

- 1. Judgment**
- 2. Communication**
- 3. Impact**
- 4. Curiosity**
- 5. Innovation**
- 6. Courage**
- 7. Passion**
- 8. Honesty**
- 9. Selflessness**



After you've linked core values to specific actions, you can build those examples into your code of ethics and employee training programs. Employees often benefit from having these kinds of illustrations, which show them what values-driven behavior looks like in the context of your business.

Exercise #5

Test Your Commitment





EXERCISE #5

Whatever method you use to define core values, the final step is testing whether your business truly upholds those values—and whether you can maintain them for the long haul. Try to poke holes in your list by looking for values that don't seem to fit. Try to identify places where you're falling short of your goals.

EXERCISE #5 TEST YOUR COMMITMENT



The way to test your commitment to core values is to ask tough questions, such as:

How is this value showing up in our company today?

Would we continue to hold these values if they put us at a competitive disadvantage?

Are we willing to hire or fire employees based on whether they fit with our company's values?

Will these values still be valid in 100 years?

Based on this honest assessment, you might have to take a step back and do more work defining your core values. If your list of core values doesn't seem solid, you can try a different exercise to see if it generates different results.

If you're falling short on a value that's truly important to the company, you can try to modify your employees' behavior, rather than cutting it from the list. For example, you might need to revise your code of ethics to more clearly describe how employees are expected to uphold certain values. Or, you might need to develop new training programs or exercises to engage employees on ethics and values. Fortunately, these steps are easier to take when you have a well-defined foundation of core values to build on.

CONCLUSION

After you've defined your core values, you're ready to reap the benefits that come from embedding them into every aspect of your business. Emphasizing a strong, values-based culture can make employees happier, more productive and better aligned with the goals you have for your organization.

This alignment, in turn, can make it easier to run a truly effective compliance program. At Convercent, we believe values, ethics and compliance are all part of the same continuum—starting with what you believe (values), how you behave (ethics), and the policies, training and compliance activities you put in place.



That's why Convercent developed an integrated platform that combines ethics and values, policies, training, compliance and measurement. This infrastructure allows you to:

Link company values and employee behaviors, so you can move beyond basic compliance to create a dynamic, connected culture.

Align corporate values, internal policies, federal regulations, employee understanding and company performance.

Enable multi-channel incident reporting and case management that ensures rapid responses, escalations, investigations and resolutions.

Maintain a 360-degree view of your compliance efforts to expose gaps between employee engagement and compliance, so you can resolve problems before they arise.

This type of system helps you use all the resources at your disposal to uphold your company's ethical standards and achieve better compliance. But it works best when you have a holistic view of how values, ethics, policies, training and enforcement work together. So don't overlook one of the most important pieces of your compliance program. Take the time to identify the core values that can make the biggest contribution to a thriving company culture—and a successful business.



Convercent is turning compliance on its head. Through the industry's first intelligent dashboard, we give you multi-dimensional insight into your company's health. Our integrated compliance and analytics solution builds healthy organizations by continuously assessing and managing company policies, tracking employee education and streamlining case management—all while keeping a solid emphasis on your company values. The cloud-based solution is fast to set up, easy to use and accessible from any device or location. It's an interactive approach to turning insight into improvement and awareness into alignment. Changing your view of compliance can transform your organization.

convercent.com

929 Broadway
Denver, CO 80203
info@convercent.com
Office: 303-526-7600
Toll-free: 1-800-650-7005