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Aligning individual and organisational values to support change

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ABSTRACT In embarking upon an organisational change programme, the most powerful forces are the individual and organisational values. By aligning the values of the people in the organisation and those of the organisation itself, rapid change can be brought about. This paper explains how values drive behaviour, cites examples of successful change programmes based upon values and provides some insight as to how these were put into effect.

Previous generations often remained loyal to their company in the expectation of a job for life. This no longer applies in an age when change is the only constant and where companies are on the lookout for more ways to gain a competitive advantage. Individuals now seek meaningful, rather than simply well-paid work. A case study in values-led culture change is explored.

WHY BOTHER WITH VALUES IN AN ORGANISATION?

Clarifying individuals' and companies' values can help to create a win-win outcome for all concerned. Individuals can find meaning in their work, and companies can develop a committed workforce that is able to function well through periods of change. Values help the organisation to engage the hearts and minds of employees in pursuit of the

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corporate goals.

More specifically, studies suggest that values-led companies experience a number of benefits from this approach.

A study by Kotter and Heskett (reported in Dearlove and Coomber, 1999) indicates values-led companies outperform others: growth in revenue being four times faster; rate of job creation seven times higher; growth in stock price 12 times faster; and profit performance 750 per cent higher. In a further study mentioned in Dearlove and Coomber (1999), significantly lower turnover was found among 1,000 US graduates when the employing company valued respect and teamwork.

Being values led is good for recruitment too. An organisation with explicit values attracts people who hold those values, allowing the organisation to recruit and keep people who will feel fully committed. This commitment comes not from some altruistic wish for the good of the company, but rather from the 'what's in it for me' motive. Being part of an organisation that has clear values with which individuals can identify is a rewarding experience for them, and so there is self-gratification in the relationship. Since its people can be said to be one of the competitive advantages that an organisation enjoys, this is very important.

WHAT ARE VALUES?

Values drive all behaviour. They can be thought of as the principles by which both individuals and organisations live. Collins and Porras (1998: 73) define core values in an organisation as: 'The organization's essential and enduring tenets — a small set of general guiding principles; not to be confused with specific cultural or operating practices; not to be compromised for financial gain or short-term expediency.'

Individuals may have different values in different contexts, eg one may value challenge at work but *not* value challenge in the process of getting to work from home. While most people value money, it is generally value for what money can give them, or help them avoid, rather than valuing money itself. Research has shown that the values that individuals most commonly hold in relation to work are: taking responsibility, achieving results, developing a sense of worth, recognition and being able to use their skills and abilities.

It is interesting to note that some of the most commonly found values in organisations are: integrity, respect, customer focus, involvement, quality, creativity/innovation, accountability and fairness. While none of these values is identical to those in the individuals' commonly held values list, it is quite easy to make links between some of them, eg an individual who values responsibility and whose organisation has accountability as a value is likely to have opportunities to take responsibility, thus achieving one of his/her own values, while also meeting one of the organisation's values.

Both individually and in organisations, values serve two functions. First, they are the primary driver of motivation and, secondly, they provide a standard against which actions are evaluated.

Motivation

People individually live their lives and make choices by considering 'what's in it for me?' (WIIFM) — and it is personal values that inform the answer to the question.

Consider the following example: if offered a bribe, one has a choice of accepting or rejecting it. A person's WIIFM is that the money could be used to buy an exotic holiday, meeting his/her

value of exploration, but this would be at the expense of not meeting one core value — honesty. Behaving in a way that conflicts with a person's values leaves him/her feeling uncomfortable, and a lack of honesty would leave him/her with such a bad feeling that a person is motivated to avoid this by taking the honest option.

In this way values determine goals and actions and dictate what time and money are spent on. People move toward those goals or actions that they are attracted to, while withdrawing from others that would prevent them from realising their values.

Why do values have this power? Their power to drive behaviour comes from the fact that an individual's values have emotions attached to them, eg a person may be driven to go to a different place each time he/she goes on holiday, because realising his/her value of exploration produces a feeling of excitement which makes him/her feel on top of the world. Given the feel-good factor that realising values injects into an individual, it is small wonder that those activities that allow the realisation of values are regarded as meaningful.

Knowing that each uses his/her values to scan incoming information for WIIFM makes it easy to appreciate that everyone constructs their own unique maps of the world, eg one may notice opportunities to explore; someone with different values may experience the same situation as having opportunities to be creative, while a third may notice the dangers (where safety is valued).

The same principles apply in organisations. Values will be operating in any given company — it is just a question of whether they are explicit and whether they are shared with the employees.

Values guide the decisions and actions of values-led organisations. In these

organisations, there is less need for detailed procedures and management control to ensure that subordinates' decisions are consistent with what the organisation wants. Instead, individuals are free to make decisions within the framework provided by the organisation's values. This is the basis of empowerment. The values act as a moral compass both for routine decisions and for those that are very difficult, eg when faced with the Tylenol crisis, Johnson & Johnson withdrew all the stock they suspected could be contaminated. They then had to decide whether it was commercially sensible to go further and withdraw all stock of the product to guarantee that there was absolutely zero possibility of further tragedy — a move that would cost billions and potentially destroy the brand forever. Based upon their value of having responsibility to the stakeholders, they took the tough decision and cleared the entire stock.

In this age of constant change, values-led companies have a further advantage: in times of reorganisation, mergers and downsizing, employees in these companies are less prone to stress and are able to keep functioning well. This is because the company values remain unchanged, and they provide stability and guide each individual's decision making.

Evaluation of one's actions

Individuals constantly assess what they (and other people) have done and use their personal values as the yardstick. Values provide a reference point for deciding whether actions were good or bad, appropriate or inappropriate, right or wrong, eg 'It was a good decision to take on that job because it allowed me to do work of a high quality but it was wrong to take on those assistants because their work wasn't up to a high standard.'

Organisations also judge their corporate behaviour and that of individuals within the organisation against their values. People's appraisals and ongoing monitoring by their manager and themselves can be hard-wired to the corporate values, by asking questions such as 'When last did you do something to enhance teamwork?' Or 'How am I beating my best?' GlaxoSmithKline run their 360-degree appraisal on the leadership skills that they have identified under each of the company's core values.

HOW IS CULTURE CHANGED THROUGH BECOMING A VALUES-LED ORGANISATION?

In the Sellotape organisation, a substantial change programme was initiated in 1994. It was based on a set of values, as part of the company vision. This programme is detailed in *Change Management — Just Doing It* (Sullivan and Lytton, 2000). The basic process used in this programme has been distilled below and is a proven mechanism that can be adopted to change the culture of an organisation.

Decide on the organisation's values

Start with a small group of people in the organisation. Ask them to decide on the critical few values that would best support the organisation. Some of these will be values that are being lived already, and a couple could be aspirational. Once these initial ideas have been developed, they need to be tested with a wider group of people from the organisation to refine them and begin the process of building ownership.

Individuals' values

To get the greatest commitment from employees in an organisation, it is important for individuals to become

aware of their own values as well as the organisation's values. The organisation's values will signal its direction and the individuals' values will provide their motivation and increase their focus and contribution.

In a values-led company, where managers act as coaches to their subordinates, rather than taking the traditional role of command, individuals are more likely to become empowered. This empowerment helps them to lead the most enriching work life possible.

Since his or her own values are what motivate the individual, it is in the organisation's interests (or more specifically, the manager's interests) to find out what its employees value in the context of work. Once this is done, overlaps between their personal values and the organisation's values can be sought. This overlap is important because it enables individuals to behave in ways that are meaningful to them personally and results in their connecting with, and become committed to, the organisation — while at the same time furthering the company's aims. For example, consider this scenario. An employee is personally motivated to achieve results, while their organisation values customer service. Achieving results could be seen as requiring a people focus if machinery/processes are to operate well and produce optimal results. And customer service could be defined as focusing on people and their motivations. Thus the individual could meet his/her value of achieving results and also meet the organisation's value of customer service if he/she focused attention on people and on ascertaining and meeting their needs in order to produce optimal results.

Determining an individual's values can be done in several ways:

- A. Asking 'What is important to you about work?' or 'What is important

to you when you are working?' ... and then asking the same question about their answer ... and perhaps asking again about that answer. For example:

'What is important to you about work?'
'The *money* and being part of a *team that all pulls together*.'
'And what is important about a team that pulls together?'
'You can rely on them to *support* you as you support them.'
'And what's important about that?'
'It makes me feel *valued*.'
(The same question can then be asked about money.)

The answers, particularly as you re-ask the question, will usually indicate what the speaker values (values are in italics). Their answers will also provide an indication of how much they are motivated towards goals (carrot), eg '*having* a well maintained home' or away from problems (stick), eg '*avoiding* huge renovation costs in the future'.

- B. An alternative way to establish individual's values is to ask each person for a metaphor:

'When work is how you really want it to be, it is like what? '

The values that they hold will be within their metaphor and they (as well as team members) can use the metaphor to become aware of their values, eg 'It's like the performance of an orchestra with a great conductor. Everyone knows the music and knows which bits they must play, so the music is played well. The conductor keeps it together and has a smile for anyone who plays particularly well.' This metaphor suggests values such as stability, quality and teamwork.

- C. Paying close attention to what an individual says and does over time will give many clues as to what they value, eg someone who often suggests new ways of approaching situations and who appears to be energised when others put forward innovative ideas probably values creativity.

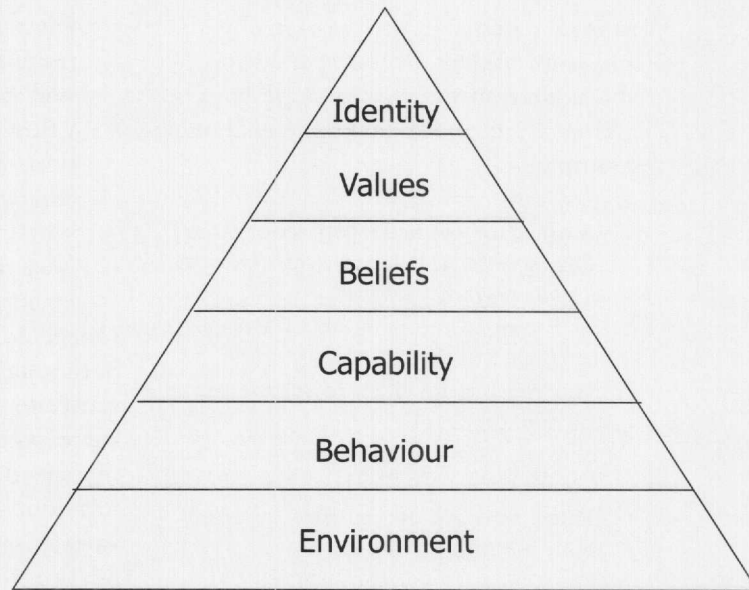
Once individuals' values at work have been established, their manager can motivate them effectively by using their value words when talking about tasks that need to be done. For example, for someone who is motivated by challenge, variety, creativity and building relationships, telling them that a potentially unappealing task will be 'A challenge to your creativity and will offer the chance to build relationships with a variety of people' will help them to be interested and motivated to do the task.

Introducing the organisation's values to employees

The staff must have the opportunity to engage with the organisation's values in order to develop an understanding of them. They can do this by discussing, challenging, influencing, fleshing-out and questioning the values. This process must include sessions that build a shared understanding of what behaviours will be expected when the values are being lived. Since the process must engage the staff emotionally and intellectually if it is to bear fruit, activities are a good vehicle to use. Sellotape ran a series of workshops, where staff were invited to interact with the values through a series of structured activities in small teams. The aim was to reach the point where each individual could answer the question 'What can I do tomorrow to further my values and the organisation's values?'

We imagine that everyone understands

Figure 1 Logical levels (adapted from Robert Dilts' Model of Neuro-logical Levels)



values in the same way, but it is not so. This common misconception is the source of a great deal of conflict. People can share a value while having very different ways of judging whether the value has been demonstrated — hence all the ‘If you loved me you would ...’ arguments. Both people value ‘love’ and think that their partner interprets it in the same way that they themselves do.

It is easy to demonstrate that everyone has a different understanding of value words by carrying out this quick exercise: ask a team to write down six words that they link with a given value, eg responsibility. Someone then reads out their list, while the others keep count of how many of the words are exactly the same as those they wrote. One seldom finds more than two words the same in any other person’s list.

The Logical Levels model provides a framework within which to place values (Figure 1).

This model, adapted from the model developed by Robert Dilts and described

in *Visionary Leadership Skills* (Dilts, 1996), suggests that there are different levels of process within an organisation. In this model, as one moves vertically, each level includes more of the system.

Identity relates to the mission of the organisation, beliefs and values to the culture, capabilities to the skills or competencies, and behaviour to actions.

The Logical Levels model is useful for considering change: The lower the level of a change, the easier it is to effect, eg a change in the environment will be easier for an organisation to make than a change in identity. Any change at a higher level will have an impact on all the levels below it, while a change at a lower level may or may not impact on higher levels. This suggests that change at the values level will influence beliefs, capabilities, behaviour and environment. If any level is not in alignment with the other levels, it can affect the effectiveness of the organisation. As can be seen, values are very close to the core of the organisation and are therefore very

influential, so it is valuable to ensure that all levels are aligned when working on values. One way in which alignment can be fostered is by moving through each of the levels with staff, as part of the process of developing a shared understanding of how the values will be lived, asking, 'What beliefs flow from these values?' 'What capabilities flow from these beliefs?' etc.

Bringing organisational values to life

The process of becoming a values-led organisation requires the investment of significant time and management attention. In the Sellotape case, the process was deployed by engaging both management and employees simultaneously in implementing change. Having shared the values with employees, management empowered employees to make changes on their own, without seeking prior management approval. The risk of such an approach was low because of a high level of understanding of, and commitment to, the company vision and values, so action initiated was likely to be directed toward achieving the company goals.

In parallel with employee action, the management team developed a set of core change strategies to implement changes that brought the values to life in the business. These strategies were translated into explicit objectives, supported by carefully designed action plans and project management disciplines. These strategies and action plans were shared publicly with the workforce, thus contributing to a high level of commitment to action by everyone in the business, across the structural hierarchy.

Creating a values-led organisation is not without its problems. Inevitably, some people do not feel comfortable with the organisational values, because of

a fundamental conflict with their personal values. Such individuals could potentially disrupt or hamper the pursuit of the company vision. There can also be a difference between the values an individual or organisation espouses (ie values that they like to think they live by) and the values that are in evidence — especially, but not only, when the organisation is faced with a crucial issue. When an organisation decides to become values led, employees notice disparities between the espoused values and what management actually does. It is crucial that the management be seen to be living the values and actively working on dealing with shortfalls in their own behaviour.

The approach by the Sellotape management when they experienced issues of this nature was to work in a very frank and honest way with the problems and those concerned to find solutions that worked for both the company and the individual. When the management or the company strayed from the values, they acknowledged the mistake and put it right. For example, a situation arose in which management banned people's personal radios from the factory at Sellotape because of health and safety requirements. This resulted in rage from the people working in the factories: after all, Sellotape's core values included teamwork, empowerment, mutual respect and trust. Once management realised that the ban was against the spirit of the values, they changed tack and asked those involved to set up a team to find a solution that would meet their needs and the Health and Safety Officer's needs, without it costing a fortune. This was quickly achieved.

Processes and systems need to be overhauled to make them consistent with the values. For example, if the organisation has 'responsibility' as a value, it will need to change a requirement that

employees must get an authorisation to spend minor amounts of money.

Maintaining management commitment to a change programme that takes some time to implement before direct measurable results are realised is also a challenge. Engaging the key stakeholders at the very pinnacle of the organisation in the vision and values at an early stage of the programme proved to be the most effective way for Sellotape to deal with this issue. However, even with this high level commitment, the pressure to deliver hard benefits emerged during the process and had to be dealt with by reporting clear benefit realisation.

Once the people in an organisation have absorbed values, regular reinforcement and renewal is needed to keep the values alive in the minds of the staff. In Sellotape, refresher events were found to be an effective way of doing this, as were constant references to the values in communication of progress to the staff.

The impact

Once an organisation has intellectually and emotionally adopted a common set of values, there are significant benefits to both the business and the individual. Sellotape experienced an unprecedented improvement in business performance, raising profitability from 3 per cent to 10 per cent in two and a half years. More importantly, attitude surveys showed that those who worked in the business found

that, by taking responsibility for their own actions, their working lives were enriched. Many of the Sellotape staff experienced the satisfaction and fulfilment of implementing an idea of their own, seeing the result and then being recognised for the achievement. The combination of individual achievement, group success and shared values led to high morale, effective teamwork and a high performance culture.

SUMMARY

While becoming a values-led organisation is not a fast option, nor an easy one, the potential benefits have been found to be significant. Conversely, the drawbacks of not taking this route are huge, not least in terms of a demotivated workforce lacking a sense of direction. So the question is, can an organisation or team afford not to go down this route?

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