Preventing Corporate Dis-Integrity:

How Values Can Dramatically Improve Company Performance

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Every excellent company we studied is clear on what it stands for, and takes the process of values shaping seriously. In fact, we wonder whether it is possible to be an excellent company without clarity on values and without having the right sorts of values.
Peters and Waterman: *In Search of Excellence,* 1982, p. 280

Introduction

Peters and Waterman wrote the above quotation more than 20 years ago. Underlying their words is the implication that corporate ethics, culture, and values are linked. At the time they wrote, public confidence in corporate integrity was high.

How times have changed. On January 2, 2003, *Time* magazine wrote, "Who knew the swashbuckling economy of the 90's had produced so many buccaneers? You could laugh about the CEOs in handcuffs and the stock analysts who turned out to be fishier than storefront palm readers, but after a while the laughs became hard. Martha Stewart was dented and scuffed. Tyco was looted by its own executives. Enron and WorldCom turned out to be the twin towers of false promises. They fell. Their stockholders and employees went down with them. So did a large measure of public faith in big corporations." The shock was great enough to affect the stock market very negatively, perhaps permanently. Most affected of all was trust in corporate America.

In this new, disaffected environment, it is easy to see why Daniel Patrick Moynihan was moved in 1986 to quote an earlier American politician: "Years ago William Jennings Bryan once described big business as 'nothing but a collection of organized appetites.'" However, contrary to this negative viewpoint, my experience in coaching several hundred executives and working with more than 20 global corporations has convinced me that the majority of corporations and their executives are honest and hardworking, at least on a day-to-day basis. On the other hand, I have found that when glittering opportunities for personal financial gain occur, such as might present themselves with a proposed merger or acquisition, ethics and morality become fuzzy. Some version of the following conversation has been commonplace:

Question: "Do you think it would be helpful to compare your firm's values and culture with those organizations that are looking to acquire you—before you accept an acquisition or merger partner?"

Response: "We have someone handling the transition and frankly I don't care about the culture thing as long as we do well financially. We can worry about the fallout after."

Values Technology, the company I helped to found in 1990, has developed a way to measure values by scanning public documents retrieved from the Internet. Using this technology, we have been able to assist clients by comparing the values of two organizations in a merger in order to determine the fit. In many instances we were able to demonstrate a bad fit—a lack of congruence between values priorities—that could be predicted to lead to high post-merger costs, layoffs, and possible failure. In nine out of ten cases of poor corporate values fit, I was told that the decision was going to be based on financial gain rather then human consequence. The ethical principle cited was simple: what is right is to make a profit for the stockholders, because without rewarding stockholders, you do not exist for long. The unconscious belief held by most managers is that if you make a profit, everyone will be taken care of. This belief is self-serving and largely unexamined. It is utilitarian, certainly, but does not take into consideration the greater good.

Most people would accuse me of being over-simplistic. After all, money and success keep a corporation in business, pay for research, and provide employment for hundreds or thousands of workers. So what is it that makes the *Time* magazine quotation so disturbing? First of all, why did it get so bad before whistle-blowers like Cynthia Cooper and Sherron Watkins yelled and were listened to? Since that time many other companies have been in trouble, notably Tyco, Anderson employees, and two Kmart executives who were indicted for fraud. In all these cases, there appears to be a lack of clarity about what values should drive these organizations and how these values should relate to ethical decision-making.

What ethical and values components should a responsible corporation have in place? Or is the question of ethics just too complicated for the real world of 21st-century business?

Kirk O. Hanson, executive director of the Markkula Center for Applied Ethics at Santa Clara University, says that ethics is really two things. "First, ethics refers to well-based standards of right and wrong that prescribe what humans ought to do, usually in terms of rights, obligations, benefits to society, fairness, or specific virtues…. Ethics also means . . . the continuous effort of studying our own moral beliefs and our moral conduct, and striving to ensure that we, and the institutions we help to shape, live up to standards

that are reasonable and solidly based" (Markkula Center for Applied Ethics website, 2003).

Consider also this web page article from Deloitte & Touche

In the context of corporate governance, compliance means obeying the law. Ethics is the intent to observe the spirit of the law—in other words, it is the expressed intent to do what is right. In the wake of recent corporate scandals, a program that strongly emphasizes both ethics and compliance is good business. In fact, the business case for such a program is compelling.

The Sarbanes-Oxley Act of 2002, along with related mandates by the Securities and Exchange Commission and new listing rules instituted by the major stock exchanges, raise the ante for ethical behavior and effective corporate compliance programs. Public companies and their senior executives and board members may be held accountable—personally accountable in the case of the executives and board members—not only for the financial reporting provisions of the new legislation, but also for the aspects pertaining to ethics and corporate compliance. Conversely, companies and their leadership that adhere both to the letter and the spirit of the law can achieve substantial benefits" (DeLoitte & Touche website white paper, 2003).

This is the standard traditional view of ethics. The Sarbanes-Oxley Act leverages the need for preventative ethical action. That is to say, any corporation must pay as much attention to the spirit of what is ethical as it does to minimal compliance to regulations. Until recently, the public naively assumed that the business world was naturally concerned with making ethical decisions, but now we have found to our dismay that this is not the case. Obviously, minimal compliance is not enough. Deloitte & Touche cite "the intent to observe the spirit of the law"; putting this in place is obviously necessary.

At a practical level, there appear to be three causes of the moral and ethical breakdown of a corporation:

1. The lack of ethical leadership in the organization
2. A lack of attention to laws and regulations, or lack of regulations in the industry generally
3. A corporate culture that lacks an appropriate, explicit values orientation—a values set that builds integrity, cohesion, and consciousness among all the employees, beginning with the hiring process

In order to forge a corporate cultural identity that avoids these three elements of ethical breakdown, it is essential to clarify the relationship of values and culture to ethics, beliefs, and morality.

Legal Requirements for Corporate Ethical Behavior

Sections of the Sarbanes-Oxley Act are very specific with regard to ethics and compliance.

Section 301 requires the audit committees of public companies to establish procedures for the receipt, retention, and treatment of complaints received by the issuer regarding accounting, internal accounting controls, or auditing matters, as well as the confidential and anonymous submission by employees of the issuer of concerns regarding questionable accounting or auditing matters.

Section 406 requires public companies to institute a code of ethics for senior financial officers to promote honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships [and] . . . full, fair, accurate, timely, and understandable disclosure and compliance with applicable governmental rules and regulations.

Section 806 requires whistleblower protection for employees of publicly traded companies. No company, or any officer, employee, contractor, subcontractor, or agent of such company may discharge, demote, suspend, threaten, harass, or in any other manner discriminate against an employee in the terms and conditions of employment because of any lawful act done by the employee to provide information, cause information to be provided, or otherwise assist in an investigation regarding any conduct which the employee reasonably believes constitutes a violation of any rule or regulation of the SEC, or any provision of Federal law relating to fraud against shareholders.(Deloitte & Touche website)

Values, Ethics, and Organizational Culture: Some Clarifications

Corporate culture is human and flows from a set of relationships, and it is these relationships that form the environment from which all decisions flow, including ethical and moral choices. We assert that all relationships are underpinned by values priorities held in common. It is these priorities that form the basis for all decision making—it is that simple.

How do these values priorities relate to corporate behavior and performance? If values are measurable, then by extension so is the moral and ethical orientation of a person or corporation.

The methods and measurement techniques employed by Values Technology are based on 30 years of research on values. Our consultants have discovered over and over again that human values are embedded in the language, and that these values motivate and drive our behavior. We have identified, defined, and validated 125 universal values that provide the basis for a technology that measures those values and makes them explicit. We employ instrumentation for measuring individual and group values and for identifying values communicated in written documents, and then assist our clients in identifying their corporate values and the value gaps that can be predicted to stand in the way of excellence.

Gellermann, Frankel, and Ladenson, in their work *Values and Ethics in Organization and Human Systems Development* (1990), capture the need for an ethical structure as follows:

> If we are clear about our values and morals/ethics, then we can often readily decide what to do. But how do we decide when we are not sure about the right thing to do? In such a situation we have an "ethical problem." Even with an extensive code of professional ethics, we can be in doubt about how to proceed ethically because of complicated situations, lack of clarity about which of our values and ethics are relevant, conflict between our values and ethics, and uncertainty about how to apply those ethics to our specific situation. When faced with such doubt, having a systematic way of thinking can be helpful (p. 64).

Figure 1, "What Values Are," clarifies the relationship between values and behavior. Values are the priorities that that underpin our behavior—our emotions, beliefs, ideas, and decision-making. These external expressions all flow from values each of us has. This value system is critical because it gives meaning to our lives—it is what energizes us and empowers us through the stories we tell.

Figure 1. What Values Are

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The Individual

Ideas

Emotions
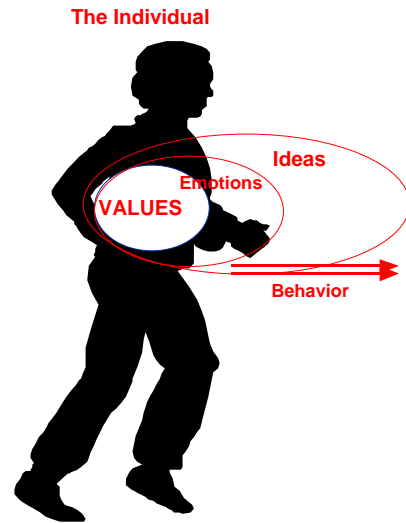
VALUES

Behavior

Our internal values cluster as priorities and form our attitudes and beliefs. But it is not only the values we hold that determine our behavior—it is also the priority in which we hold them. To illustrate, the Table 1 shows the same values held by two different people—the same five values, but in a different priority order. Clearly the beliefs of person A are different from those of person B, even though they hhold the same values.

Table 1. Two Individuals with Different Values Priorities

Person A   **Person B**

| Family/Belonging	Education
Security	Self Competence
Economics/Success	Economics/Success
Self Competence	Family/Belonging
Education	Security

The difference is in the priorities. Person A has priority beliefs around family and its security and financial sucess, where education is the consequence or prize. Person B is quite different and has a focus on education and competence as a basis for the security of the family. The cause and effect in both columns are different. One set of values is not

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superior to the other; this is simply an expression of two sets of beliefs based on different values priorities.

We are usually aware of what some of our beliefs are, but we are not conscious of the values are that underpin them. In other words, our values are tacit, or partly hidden. Yet at the same time our values drive our lives. All relationships—personal, partnerships, and teams—are based on a minimal set of commonly held values priorities. These values priorities are measurable, and they are the glue that facilitates creative relationships. This is why we believe that values measurement is very important: it makes our priority values explicit and puts us in control of our decision-making processes. In a corporation, this process empowers people—an essential and necessary process for the formation of corporate leadership.

Figure 2, "Values and Decision Making," clarifies the relationship between ethics and values. On the left-hand side is the individual, motivated by his or her values priorities as discussed above. The right-hand side indicates that these priorities are the foundation of each individual's daily behavior and decision-making.

Figure 2. Values and Decision Making
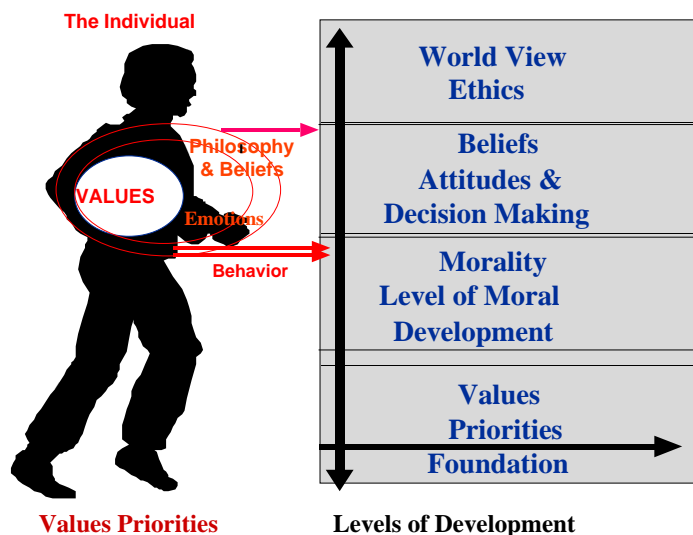
Values not only underpin our beliefs but are also the basis for our morality. The values priorities we have chosen dictate our day-to-day decisions about what we see as right or wrong. Morality is an individual decision-making process.

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When people in leadership are made explicitly aware of their own values priorities and those held by the group or team they work with, they become more conscious about their decisions and what the criteria for their choices are. This in turn increases their confidence to make more decisions, even when the risks are great. And most important, with increased awareness of values, a higher level of integrity is likely to prevail.

Referring again to the diagram, notice that at the top of the diagram is World View, with Ethics a part of that World View. Again, without values measurement and education, world view and ethics are only partly conscious. Let us define the terms we are using. Ethics are universal standards about what is right and wrong. Ideally, ethics are objective and part of the collective consciousness of everyone. An example of a generally accepted ethical standard is the United Nations Charter for Human Rights. In contrast, morality consists of our individual perceptions of what is good and right—our individual standards, regulations, rules, and behavior. World view is our overall view of the world in all its aspects, underpinned by our beliefs and values. Ethics are to society and institutions what morality is to the individual. They should be connected, but hardly ever are.

Lawrence Kohlberg established 30 years ago that values and morality are not only connected but that they are developmental; that is, people's perception of what is right or wrong changes, depending on their level of maturity and development.

A critical factor in the ethical dilemma in which modern business finds itself is that corporations usually do not have explicit values and ethics and do not educate employees in corporate values and ethics, and much of what we are referring to remains unconscious. As a consequence, a company's values and declared beliefs and ethics are often in conflict with its actions—management says one thing and does another. When people are unaware of what their values are, they make decisions without a clue about what the consequences might be for others. A key component to the solution of this dilemma is values measurement.

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Development and Measurement

Values measurement, now possible at a very sophisticated level, is the result of 17 years of research and development at the University of Santa Clara by a group of international associates. This author, a psychologist, and Benjamin Tonna, a sociologist from the University of Malta, headed the team. Early in the 1980s they ascertained that there are approximately 125 values, embedded in the spoken and written language that underpin human behavior.

Within the 125 values, 29 are defined as goal values, while 96 are called means values. Goal values are future oriented and contain human purpose, partially illustrated in Table 2, "Phases and Stages of Values Development." These values form a natural developmental track or path that progresses through four phases and eight stages. Each stage builds on previous stages. For example, Human Dignity in stage 6 is incomplete in its impact and understanding if the person does not have stage 1 and 2 values such as Self Preservation and Security in place.

Table 2. Phases and Stages of Values Development

Phase	I	I	II	II	III	III	IV	IV
Stage	1	2	3	4	5	6	7	8
Goal Values	Self Preservation	Security	Self Worth	Self Competence	Integration	Being Self Human Dignity	Truth/ Wisdom	Global Harmony
Means Values	Food/Shelter	Economic Profit	Courtesy	Achievement	Empathy	Ethics	Synergy	Human Rights
		Affection	Friendship	Education Certification	Search /Meaning	Innovation	Interdepe ndence	

The 96 means values are underpinned by specific skills. In the Hall-Tonna format, approximately 1000 skills underpin the 96 means values. Healthy personal development requires that means values always be related to goal values in an effective combination.

The table shows the eight stages of development—an evolutionary or developmental path underpinned by 125 goal and means values (only some of which are illustrated here). This developmental paradigm is the basis for discovering gaps in priorities and world view that get in the way of effective communication (see also Table 3, later in this paper). For example, in a conversation between two people where one is

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functioning at stage 4 and the other is functioning at stage 6, there will be a gap of two stages. Their values priorities will be strikingly different: the person at stage 4 is concerned about Self Competence, whereas the person at stage 6 will have transcended that and is concerned about Being Self and issues around Human Dignity.

Each of us has foundational values, partly derived from our family of origin and our life experience. When our family is healthy, it keeps us stable and secure for much of our lives. We also have values that pull us into the future and drive our meaning system. These are the basis of our personal vision or of a corporate vision.

Measurement Tools

A ten-year development and validity process yielded three types of cultural and organizational tools for measuring values:

1. **Document analysis**. A 5000-word thesaurus (in several languages) scans a document to link synonyms to the 125 values that are present in a document. It can then identify the values, in priority order, in any given section of a document. Such documents could include annual reports, critical speeches, policy documents, or training materials.

2. **Individual measurement**. After completing a 125-item questionnaire, an individual receives a report that defines his or her values, in priority order, and what the implication is for his or her leadership, ethical orientation and personal development. Several hundred skills are coded to the values, allowing a person to convert the values into specific capabilities.

3. **Group measurement**. Group reports combined individual measurements to define the value priorities of small or large groups. Group reports are used in a wide range of circumstances, from team development to merger analysis.

4. **Composite reports.** Finally, a composite of all these measures is used for total corporate assessment and the creation of an organization's cultural identity. (see Hall: *Cultural Identity,* 2003).

The Culture, Ethics, and Values Connection

After the 125 values had been defined in the early 1980s, it became clear that they clustered into distinct developmental levels or phases. The research process was cross-cultural and involved more than ten different languages from Europe, Asia, and the Middle East. Table 3 illustrates some of the behavioral attributes at each phase. As one moves from Phase I to Phase IV, the values and the required awareness and capabilities become more complex. Without measurement and education, these values and behaviors are tacit—80 percent unconscious. When values are measured and certain educational processes are utilized to make them explicit, the values and behaviors become conscious and interconnected. Measurement and enactment of the values becomes the first step in moving an organization through the levels of development that are necessary to cope with growing business demands in an expanding global economy.

Table 3. World View, Values, and Ethics

Elements of World View	PHASE I	PHASE II	PHASE III	PHASE IV
1. Some Key Examples of Values	**Security** Self Interest Economics/ Profit Survival	**Self Worth** Family Peer support Rights/Respect **Competence** Management Responsibility	**Faith/Risk/Vision Integration/Whole** Sharing/listening Independence Equity/rights Limitation Human Dignity	**Truth & Wisdom** Interdependence **Word** Human Rights Interdependence
2. The Organization	**Survival**	**Traditional Mechanical Hierarchical**	**Partnership Matrix Systems Team Based**	**Global Interdependence**
3. Individual Perception: in the Organization	Self is the center of an alien and oppressive environment	Self seeks to belong by approval of significant others and by succeeding	Self acts and initiates creatively, independently, with conscience	Self acts as "we" with others to enhance the quality of life globally
4. Leadership Management Style	Autocratic Top down Use of power	Hierarchy-Linear Bureaucratic mechanical systems	Collaborative Inter-group emphasis	Interdependent Global partnering
5. Moral Development Variable Ethic	*Pre-conventional* Decisions based on personal needs	*Conventional* Decisions based on Group influence and Rules and Regulations	*Post-conventional* Decisions based on universal principles of right and wrong e.g. UN Charter	Distributive ethic Decisions based on universal principles and global human dignity issues

Table 3, row 1, shows how the human being develops in maturity over a potential lifetime. As people mature, their value priorities change from a concentration on survival issues to respect, human dignity, and—at the highest end—defending human rights. In other words, values measurement tells you not only what values a person has, but also at what level of leadership and ethical development the person is.

Referring again to Table 3, rows 2 to 5, note that the staggering implication is that as people mature in the values, their world views alter. That is, their perception of the organization, their view of leadership, and—critically—their view of ethical decision making are developmentally determined. (Note that the terms pre-conventional, post-conventional, and so on, are adapted from the work of Lawrence Kohlberg and refer to his Stages of Moral Development.)

Values and Ethics

When you view corporate integrity—or its lack—in the light of explicit values and world views as shown in Table 3, the three aspects of corporate corruption—(1) leadership, (2) law and regulations, and (3) cultural identity—become one single approach to the problem: They are simply necessary dimensions of a values-based culture that is transparent and explicit.

This emphasis on culture is aptly described by Kirk O. Hanson, director of the Markkula Center for Applied Ethics: "The collapse of Enron is probably one of the most significant events in the history of American business. . . . Enron executives really did believe this is a winner-take-all society—that there was a culture behind them saying, 'You're worth nothing if you're not a centi-millionaire.'… They wined and dined the prospects. They promised them huge bonuses and fed those young egos as much as they would take. Once people were hired, it was an up-or-out culture" (www.scu.edu/ethics/).

From 1990 to 2002, Values Technology worked with several global organizations at a multi-language global level, including Siemens, the Telus corporation, Alcoa, and Wallenius-Wilhelmsen Lines. The process that follows is a composite of our findings and approach using the values measures outlined above. It includes the three elements referred to above: leadership; employee education around laws, regulations, and ethics; and cultural identity.

Integration Paths.

In each of the organizations we worked with, the mandate was to create a new cultural identity based on values consensus. An online Cultural Assessment Database was introduced (CADB). All the employees filled out values questionnaires to create a corporate database. This was managed in several languages, including Asian and European languages.

The measurement instrumentation used was described above, and included document analysis, along with individual and group assessments. The comparative measurement is the "Value Scale" shown below. As discussed above, the structure used for this measurement consists of the four phases and eight stages:

Phase	I	I	II	II	III	III	IV	IV
Stage	1	2	3	4	5	6	7	8

By using this scale with global organizations during the last ten years we have discovered that when two people are communicating with each other and there is a gap in levels of two or more stages, the level of mutual understanding is about 20 percent. For example, if a person at stage 3 is talking to a person at stage 5 or later, there can be as much as 80 percent loss of information. Basically, their values and world views are quite different. It happens in marriages and it happens in leadership teams—and when it occurs, transmission of knowledge and understanding is less than 20 percent efficient.

For example, a person at stages 5/6 who is trying to solve a customer problem will view the issues as requiring a tailored and collaborative response. Such a person will listen actively, be open to new solutions, and demonstrate trust and transparency in the relationship. On the other hand, if the customer is at stages 5/6 as we have described while the company representative is at stages 3/4, the experience will be quite different. For this person, the task comes first and relationship and trust second. The stage 3/4 person views solutions as packaged information based on past successful formulas and rules of how things should be done, and is not open to new solutions or to collaborating on new approaches. It is apple and oranges communication. Both parties end up being confused, not realizing that the differences are developmental—both parties are coming from different values stages, world-views, and ways of relating. By scanning public documents such as advertising and form letters to stockholders, we have found that similar problems of miscommunication occur in printed communication.

Finally, we have conducted large surveys in most regions of the world, and found that the same communication problems are universally evident, except that language and cultural differences exaggerate the gaps even more. This extensive, international experience has led to a better understanding of what values consensus means in complex organizations.

The following values consensus process has emerged:

♦ Employees of the organization fill out online questionnaires that are placed into a database.

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♦ We coach the leadership of the organization, comparing their personal profiles with the group analysis of the whole system. We conduct a gap analysis so that everyone in leadership positions can see what the values of the whole organization are in comparison to a variety of groups. The purpose here is to make the values conscious and explicit to everyone involved.

♦ We guide the leadership of the organization in deciding what beliefs they need to put in place to produce excellence. They choose from an initial selection of 100 beliefs, also called paths of integration. These are illustrated in Table 4, "Beliefs and Paths of Integration." Once the values have been made explicit using this process, consensus becomes the recognition by the leadership group of what integration paths are essential to make the organization successful.

♦

Table 4. Beliefs and Paths of Integration

Business Processes	People Processes	Brand Promise
1. Technology	15. Art/Design	29. Customer/Service
2. Financial Services	16. Human Relations	30. Customer Intimacy
3. Communications	17. Health Care	31. Customer Passion
4. Management	18. Leadership	32. Environment
5. Research	19. Empowerment	33. Stewardship
6. Hospitality Services	20. Emotional Intelligence	34. Corporate Citizenship
7. Manufacturing	21. Trust and Respect	35. Social Consciousness
8. Business Success	22. Partnering	36. Quality
9. Profitability	23. Teamwork	37. Safety
10. Sales	24. Learning Organization	38. Confidentiality
11. Commercialization	25. Knowledge Management	39. Security
12. Business/Sustainability	26. Pioneerism/Innovation	40. Partnering/Alliances
13. Operational Excellence	27. Personal Success	41. Integrity/Ethics
14. Speed and Agility	28. Leisure Track	42. Ethics Baseline

Our experience has taught us that if organizations are going to sustain themselves in the new millennium, they need to function at least at stages 5/6 (phase III in Table 3). The successful organization views collaboration and partnership as a preferred way of doing business. The minimum requirement for sustainability is to be a learning organization with high, transparent ethical standards.

I believe that corporate success comprises three factors: (1) business success by creating value for the firm and the customer, (2) people success by creating a quality

experience in the workplace, and (3) societal success by contributing to the wider community.

Paths of Integration

Values tracks, or paths of integration, consist of a string of values progressing from the lower to the higher stages. They vary with the organization, and they allow the organization to convert abstract principles such as ethics into behaviors. Each value has a standard definition and a list of skills related to it. The exercise of defining the tracks takes into account the developmental level of all employees. It is not necessary for everyone in the organization to be functioning at stage 5/6. But it *is* a requirement that executive leadership function at this level.

Note that these tracks, sometimes called business principles, have a dynamic relationship. The endpoint for most of the organizations is customer service, which is accomplished through empowered employees in a learning organization. Our research demonstrates that there are three tracks held in common in all the organizations we studied: Ethics, Learning Organization, and the Customer. These paths of integration, along with a selection from the 125 values that underpin each stage of development, are shown in Table 5.

Table 5. Three Paths of Integration

Stage	2	3	4	5	6	7	8

Ethics

	2	3	4	5	6	7	8
	Security	Self Worth	Belief/ Philosophy	Integration/ Wholeness Equality/ Liberation	Being Self Knowledge/ Insight	Truth/ Wisdom	Global Harmony
		Rights/Respect Support/Peer	Law/Rule	Authority/ Honesty Equity/Rights Law/Guide	Accountability/ Ethics Justice/Social Order Unity/Diversity	Inter-dependence	Global Justice

Learning Organization

	2	3	4	5	6	7	8
	Security	Self Worth	Competence Confidence	Self Actualization	Knowledge/ Insight	Truth/Wisdom	
	Wonder/ Curiosity	Control/Order Discipline	Education	Search/ Meaning/Hope Limitation/ Acceptance	Limitation/ Celebration Education/ Knowledge		

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Customer

	Security	Family	Competence/ Confidence	Service	Human dignity Presence	Truth	Word
	Wonder/ Curiosity	Care/Nurture Support/Peer Friendship/ Belonging	Responsibility Ownership	Adaptability Generosity/ Compassion Empathy Sharing/ Listening/Trust	Mission/ Objective Mutual Accountability Intimacy Stewardship	Inter- dependence	

Putting the Cultural Identity in Place

Once the companies executives have aligned on a corporate values identity, there are a number of processes that much be put in place in order to activate the new cultural identity of the organization with teams and individual employees:

- ♦ All the employees are allowed to use the Internet to download from the database, in a confidential manner, their own values profiles, which compare the individual's values with the values that underpin the organizational tracks or principles. Educational materials or orientation meetings are provided to help them understand what their profiles mean. The employees, by looking at their own values, are able to see how they score on each of the values tracks—which values are absent or weak and which ones are strong. We have discovered that when this is done, employees will elect to commit themselves to the corporate values

- ♦ Values alignment is carried out at the team level with a manager or executive who has been through a coaching process.

- ♦ Employees can then clarify their roles in order to include their personal values. The results of the clarification process are then integrated into an annual action plan, or development dialogue, which is reviewed by management. In this way the values tracks are behaviorized—that is to say, the employees and executives begin to walk the talk. By tying behavior together with values and knowledge of regulations and law, all employees are formed in a minimal ethical education process.

- ♦ The policies and business processes of the organization must be aligned with the consensus values set.

♦ Finally, the cultural database is utilized for strategic planning, both internally and with the customer. This involves collecting and looking at customer values and levels of development and comparing them with the values of the firm.

Ongoing Values Management

For ethics and morality to be transparent and to avoid the crises that Enron, Anderson, and others have experienced, three conditions need to be in place:

1. The company's or institution's cultural identity needs to be in place with at least minimal track attention to ethics. Learning and customer focus must be emphasized.

2. A strong education program for employees needs to be in place around the individual values in the three tracks. The ethical track would cover everything from human dignity behavior to laws and regulatory issues such as the Sarbanes-Oxley Act. The tracks would be linked to emphasize the wholeness and integrity of the culture. Sound employee education over several years ensures a culture of ethical integrity—this is a bottom-up approach. For example:

   • When a company is a learning organization, appreciation of the customer is maximized.

   • When employees understand the logic and substance of why sound ethical principles and morality are good for business, customer and stockholder confidence increases.

3. Finally, the position leadership needs strong education programs backed by executive coaching to ensure that values tracking results in agreed-upon behaviors.

   If this process is successful, all employee behavior will be minimally aligned with the values in all the tracks; this is what creates a different conversation in the organization around a single cultural identity, resulting in a "spirit of ethics."

The Future of Values Management

In the past 100 years we have been slowly moving away from exclusively top-down management systems which are predominantly preoccupied with fiscal measurement as

the primary leverage for development, to a more balanced understanding in which tasks and relationships are equally emphasized. This means a broader distribution of the explicit values held by both employees and leadership that promote not only the health of the organization but also the health of individuals within the organization and society as a whole. In working in values management with a series of global organizations, we have seen that managers and organizations are having to confront this shift in societal values— not only in their own behavior but in behaviors demonstrated in all parts of the organization.

The post-millennium organization will survive because of creative relationships that leverage ethical transparency, knowledge creation, and innovation. At the high end this means aligned organizations that do not damage the bottom line by allowing poor people fit. Because knowledge is the central product of the post millennium system, it is imperative that we have tools to measure and anticipate relational differences in teams, in succession planning, and in customers.

Financial tools will remain important but will be contextualized and in balance with the dimension of relationship—both internal and external—since this is the sounder foundation for the ethical dimension. Tools that measure relationship differences should not only identify gaps but also give information that suggests anticipatory strategies to manage differences. This implies that the post-millennium learning organization will be:

- Based on high-leverage relationships that are aligned.
- Managed by leaders and professional teams that all function at a partnering level of values development—conscious of, sensitive to, and aligned with the needs of their customer base. (Customer can mean stakeholder, client, consumer, student, or patient.)

For American companies to be successful, they must have a powerful values system based on their own values and a creative approach to life. The high-performing corporation and the new society of the 21st century will be holographic, or consensus-oriented.

In the knowledge-value revolution, knowledge will be encapsulated in value priorities identified in common by the group—whole societies, international organizations, educational or health care systems, or national or local businesses.

Organizations will be successful if they do consensus-based long-term planning (for 50 years or more) based on a set of values in which they have confidence—values that work and that can stand the ethical test of the new international environment of the 21st century.

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