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Why Values Are Important

IN THIS CHAPTER, I DEFINE THE TERM **VALUE**, describe changes in OD values from the 1960s to the present, and summarize some recent research showing a clear relationship between values and organizational success. Following that, I describe how OD practitioners can find common ground regarding values by focusing on the profession's mission and by identifying criteria for assessing values. I suggest a set of criteria for assessing values (balance, viability, alignment, and authenticity) and then offer four case studies to demonstrate their relevance.

What Values Are

Understanding values requires us to understand their relationship to needs. Animals act on instinct, preprogrammed how to respond by nature; people act on free will, choosing for themselves how to respond. Our choices are based on values, which are beliefs about what is important in life. A primary function of values is to meet needs. According to Abraham Maslow (1954), people have physiological, safety, social, esteem, and self-actualization needs. These needs are reflected in such

values as “survival,” “security,” “belonging,” “esteem,” and “personal growth.” Maslow maintains that once people’s basic needs (physiological, safety, and social) are met, they focus on their higher-level needs (esteem and self-actualization). Attempting to meet needs brings us face-to-face with the dilemma of choice. This requires us to step into the future, where risk is associated with everything we do. No matter how carefully we plan, we’re always aware that things can go wrong.

This dilemma places us between two sets of forces: those pulling toward safety and those pushing toward growth and development. Harrison (1969) described this as a struggle between the need for defenses (security) and the need to know (growth). How people resolve this dilemma depends on their values. Values shape people’s preferred ways of satisfying their needs and, whether they’re aware of it or not, every action is guided by one or more values. Maslow (1968) distinguished three types of values: *growth values*, “*coasting*” values (healthy regression), and *defensive values* (unhealthy regression). He maintained that people have a natural desire for growth, but they need homeostatic values for peace, rest, and relaxation. He asserted that more mature and healthy people place greater emphasis on growth, but that “coasting” values are always necessary. Defensive values protect against pain, fear, loss, and threat, but they can significantly inhibit growth.

Milton Rokeach (1973) also discussed the relationship between values and needs. He said, “Values are the cognitive representations and transformations of needs, and man is the only animal capable of such representations and transformations” (p. 20). He defined a value and value system this way:

“A *value* is an enduring belief that a specific mode of conduct or end-state of existence is personally or socially preferable to an opposite or converse mode of conduct or end-state of existence. A *value system* is an enduring organization of beliefs concerning preferable modes of conduct or end-states of existence along a continuum of relative importance.” (1973, p.5)

Once embraced, values become our standards of importance (Gellermann, Frankel, & Ladenson, 1990). They also serve as criteria for making decisions and setting priorities and lie behind the explanations and justifications we give for our actions. Without the capacity to formulate and act on values, life on the human level would not exist.

Rokeach (1973) distinguished between *terminal values* (such as world peace, wisdom, and happiness), which are preferred end-states of existence, and *instrumen-*

tal values (such as responsibility, cooperation, and customer service), which are preferred modes of conduct. This distinction is important because it addresses two major questions in life: “What do I want to achieve?” and “How do I want to achieve it?”

Instrumental values focus on either *competence*, which has to do with one’s ability, or *integrity*, which has to do with one’s character. Values in the latter category (such as honesty, justice, and mercy) are based on ethics and morals. Ethics are standards of good/bad or right/wrong behavior (for example, “Do unto others as you would have them do unto you”), and morals are standards for avoiding or minimizing harmful or bad/wrong behavior (for example, “Do not kill”). Thus, a moral is also an ethic, but not all ethics are morals.

Values perform three primary functions: *defending against perceived threat*, *adjusting to society*, and *fostering growth*. All three functions are essential. Maslow said that safety is a *sine qua non* precondition for growth, but their relative emphasis and the particular values people embrace to meet their needs are what account for the wide diversity of human behavior. As we will see later, these factors are not only relevant for individuals, but also for interpersonal relationships, teams, and organizations.

Rokeach’s definition of values is important conceptually here, but one qualification must be added at the outset. When we think about our values, we can say we prefer one thing over another, for example, honesty over dishonesty. We can even feel strongly for honesty and strongly against dishonesty. The reality is, however, that no one is 100 percent honest. In actual practice, therefore, values are continuous variables, not either/or choices. What’s more, dualistic, black-and-white thinking is one of the primary symptoms of defensive values, a subject that will be discussed in Chapter 3. At any point in time, behaviorally we’re somewhere between the two poles defined as honest and dishonest. Honesty and all other values are ideals we believe are worth striving for, not states of grace fully embodied.

Finally, values are psychological constructs. They are internal to a person. Organizations as such don’t have values but, because they are composed of human beings, their cultures are shaped by values. The values of persons shape organizational behavior and the direction taken by organizations. These values must be largely shared in order for an organization to forge a direction leading to success. Without a reasonably high degree of shared values, organizations and the people in them flounder and fail. For this reason, an understanding of values on the individual, team, and organizational level is crucial to the effectiveness of all OD activity.

OD Values

Nothing was said above about the merits of particular values. However, OD as a profession was founded on a shared set of beliefs and values. First, some background. Tension between individuals and organizations is inevitable and has always existed. The values of organizations and their members are not always in alignment. There's nothing new or shocking about this. During the Industrial Revolution, low wages and poor working conditions kept employees struggling to meet basic needs and created adversarial relationships between labor and management. Many managers perceived laborers as irresponsible slackers who had to be forced to work and used this to justify bureaucratic controls and rigid structures. Organizations functioned a lot like prisons, with managers acting like guards and employees serving time as inmates. Meanwhile, employees placed a high emphasis on security, so they tolerated these conditions.

With the gradual shift to a service economy, the average level of education increased and people enjoyed a higher standard of living. This freed them to focus more on their social, esteem, and self-actualization needs. At the same time, behavioral scientists began challenging some of the underlying assumptions about workers and the oppressive practices stemming from those assumptions. They asserted that people have an intrinsic desire to work, but that certain conditions are necessary to nurture this desire. These conditions, such as psychological safety, trust, and healthy interpersonal relationships, focused attention on group dynamics and organizational culture. Approaches such as sensitivity training (T-groups) were developed to help people assess and change values, beliefs, and behavior, and the field of organization development (OD) was born.

At its beginning, OD was grounded in humanistic values and in the belief that people should have opportunities to develop their full potential. Warren Bennis (1969) said that the basic value underlying OD is *choice*. Organization development interventions were intended to produce a healthier balance between the needs of organizations and the needs of individuals. In a widely reprinted article, Tannenbaum and Davis (1969) described how such balance could be better achieved by moving away from organizational norms based on the bureaucratic model toward norms based on humanistic values. They outlined their preferences for change in twelve norms; in each instance the change is away from what Maslow would identify as defensiveness and toward growth.

In an effort to make the founding values explicit, Warner Burke (1998) summarized them as follows:

- *Human Development.* People in organizations should have opportunities to learn and grow.
- *Fairness.* People in organizations should be treated equitably, with dignity, and without discrimination.
- *Openness.* People in organizations should communicate with one another in a forthright and honest manner.
- *Choice.* People in organizations should not be subject to coercion and the arbitrary use of power and authority.
- *Balance of Autonomy and Constraint.* People in organizations should have sufficient freedom to perform their work responsibilities as they see fit, yet must also support the organization and from time to time conform to organizational demands for the good of the whole. (1998, p. 3–4)

Table 1.1 (see page 8) organizes the norms suggested by Tannenbaum and Davis under the values suggested by Burke. The norms help operationally define the initial OD value system.

During the 1960s and 1970s, working conditions were greatly improved. With the advent of globalization, however, aggressive new companies introduced better products, faster and cheaper. Caught by surprise, many industrial giants struggled to survive, leading to radical changes in beliefs, values, and behaviors—a *paradigm shift*. Massive downsizing and restructuring efforts were initiated, and organizations began backsliding into the behaviors that Tannenbaum and Davis challenged us to move away from. The focus of OD practitioners also began shifting away from improving the quality of work life toward a focus on efficiency, productivity, and profitability (Nicoll, 1998).

These changes have created an identity crisis within the profession, intensified by a generation gap between older practitioners and younger people coming into the field. Warner Burke told me that back in the 1960s OD practitioners were mission-driven—they believed they could change the world, and they still do. In contrast, he said that younger practitioners appear to be more career-oriented. This

Table 1.1. Synthesis of Burke's Values and Tannenbaum and Davis' Norms

Burke's Values ↓	Tannenbaum and Davis' Norms	
	Away from ←	→ Toward
Human Development	Viewing individuals as fixed	Viewing individuals as being in process
Fairness	Avoidance or negative evaluation of individuals Resisting and fearing individual differences Mistrusting people	Confirming individuals as human beings Accepting and utilizing individual differences Trusting people
Openness	Suppression of feelings Maskmanship and game playing Avoiding facing others with relevant data Viewing process work as being unproductive effort	Making the expression of feelings appropriate and effective Authentic behavior Making appropriate confrontation Viewing process work as essential to effective task accomplishment*
Choice	Viewing an individual within the confines of a job description Avoidance of risk taking	Viewing an individual as a whole person Willingness to risk
Balance of Autonomy and Constraint	Using status to maintain power and personal prestige Emphasizing competition	Using status for organizationally relevant purposes Emphasizing collaboration

*Note: In this context, process work refers to interpersonal and intergroup processes, not quality improvement or reengineering initiatives.

isn't surprising, however, because the 1960s was an age of idealism, characterized by tremendous social change, while the present age is one of realism and pragmatism. One generation isn't "right" and the other one "wrong." They're just different. Every generation programs a different set of values, a base of larger social, cultural, and economic forces. The culture of the 1960s was more open to sensitivity training; today's culture is more open to global enterprise.

Nevertheless, the generation gap in OD has become polarized and heated. Some older practitioners accuse younger people of lacking concern for individuals, and even "sleeping with the enemy" in order to advance self-serving interests. For example, Schaefer and Fassel (1988) claim that many of the processes in organizations today represent addictive behavior disguised as corporate structure and function. They assert that organizations are able to maintain such practices through the same mechanism that addicts use to avoid looking at themselves honestly—denial. In relating this to OD, they say, "These two tendencies—to deny the presence of the effect of addictions and to see addictive behavior and processes as normal—have also been true in the field of organizational development and in the process of organizational consultation" (p. 5). While Schaefer and Fassel did not draw distinctions between veteran and younger OD practitioners, their comments clearly reflect the identity crisis within the field (see also, Church, Burke, & Van Eynde, 1994).

Similarly, David Nicoll (1998) warned that OD professionals have drifted away from the humanistic, democratic, and developmental values that defined their essence, and challenged them to return to these roots. He said, "If we think organizations are unhealthy places in which to work, if we see dysfunctions and double binds inside the systems to which we consult, if we are aware of structures and procedures that limit, constrain, and misshape people, then we probably will want to take a clear look at our value system and figure out just exactly what it is we do believe. Just exactly what it is that we, as a profession, want to stand for" (p. 7).

Conversely, some younger practitioners accuse veterans of not understanding what it takes for modern organizations to survive and of resisting change. They claim that veteran practitioners long for "the good old days" and are out of touch with current reality. While finger pointing risks dividing practitioners into camps, I believe that the apparent generation gap is actually symptomatic of the timeless and inevitable tension between individuals and organizations—the yin and the yang.

Not Either-Or, But Both-And

To begin with, it isn't either-or, *either* what's good for the organization *or* what's good for people. No one honestly believes that organizations can be successful today by ignoring people. Even if they did, research evidence to the contrary is overwhelming. Consider the following research-based conclusions:

- *Profits are higher when personal and organizational values are aligned.* A Gallup poll found that organizations had higher profits when workers believed (1) they have a chance to do what they do best each day, (2) their opinions matter, (3) their fellow workers care about quality, and (4) a connection exists between their work and the company's mission (Grant, 1998). *Thus, employees perform much better when organizational values are aligned with their personal values.*
- *Values for trust and camaraderie increase shareholder value.* Levering and Moskowitz (2000) reported that shares of fifty-eight publicly traded companies emphasizing such values as trust, pride, and camaraderie rose 37 percent annualized over the last three years, as compared to 25 percent for the S & P 500.
- *Companies with an enduring core ideology outperform the stock market; also, superior market performance is possible without making profit a primary value.* Collins and Porras (1994) found that companies possessing a rock-solid core ideology (purpose and values) outperformed companies that did not by a factor of 6 and outperformed the stock market by a factor of 15. They concluded that making profit a primary value was not necessary for superior market performance in the long run.
- *Firms that consider the interests of employees, customers, and stockholders greatly outperform those that do not.* Research by Kotter and Heskett (1992) found that revenues for firms with cultural values emphasizing the legitimate interests of employees, customers, and stockholders and encouraging leadership at all organizational levels increased by an average of 682 percent over an eleven-year period, as compared to 166 percent for firms that did not have those values.
- *Organization change efforts fail when culture is ignored.* Cameron and Quinn (1999, p. 1) reported that "as many as three quarters of reengineering, total

quality management (TQM), strategic planning, and downsizing efforts have failed entirely or have created problems serious enough that the survival of the organizations was threatened. Several studies reported that the most frequently cited reason given for failure was a neglect of the organization's culture. In other words, failure to change the organization's culture doomed the other kinds of organizational changes that were initiated."

- *Values-based leadership increases job satisfaction and bottom-line performance.* Data from twenty-five thousand employees collected by Wilson Learning Corporation found that 69 percent of employee job satisfaction stemmed from the leadership skills of managers, and that 39 percent of bottom-line performance can be attributed to employee satisfaction (Leimbach, 1994). Essentially, leadership skills are values put into action.

Findings such as these suggest that managers who focus primarily on the bottom line and ignore other values do so at their peril. The reality is that, to remain competitive, organizations have to be innovative in caring about people as well as caring about income, cost, and profits—both-and rather than either-or. The demand for qualified workers in many fields far outstrips supply. In a buyers' market, if employees don't like the way they're treated, they can move to organizations that have values more closely aligned with their own.

By the same token, no one honestly believes that we can focus on people and ignore organizations. The view that older practitioners care more about individuals and younger practitioners care more about organizations is an oversimplification. For example, Church, Burke, and Van Eynde (1994) found that, while OD practitioners had indeed become more oriented to results and the bottom-line in a drive to meet quarterly earnings statements, when asked about their "ideal" motives, they said they were more interested in social action and helping people. I suspect that most younger practitioners are concerned about individuals, but convincing busy managers that they need to pay attention to values has become more challenging. This is an issue we must all address. A veteran colleague told me that he'd never find any work if he appealed to values at the beginning. However, he said that, after showing managers how they can improve results, the door is then open to discussing values.

The identity crisis in OD can be resolved, or at least managed, by looking for common ground. After all, OD practitioners help people in organizations do this

all the time; now it's time to walk our talk. Conflict resolution through rational means is one of OD's earliest values (see Schein & Bennis, 1965). We're not going to get anywhere if veterans tell younger practitioners that they should embrace humanistic or person-centered values and younger practitioners tell veterans that they should value efficiency and profitability. As soon as the word *should* is invoked, defenses go up and dialogue shuts down.

Nevertheless, it's important to remember that OD is not value-free (Burke, 1982). Even when practitioners choose to function only as facilitators and avoid advocating specific directions for change—this is referred to as the *contingent* approach—they are making a value decision. Those who *only* ask questions are still guiding their processes, consciously or unconsciously, by the questions they ask. There's no such thing as a *neutral* question. Even if there were, you cannot control how it will be perceived. Consequently, the profession cannot avoid the issue of ethics and morals. In my experience, people's clarity about their standards (values, ethics, and morals) ranges from high to low, and people with low clarity are particularly vulnerable to rationalizing their actions based on narrowly defined self-interest, that is, using reason to give the illusion that they are doing the "right" thing. Acting based on high clarity and conviction means applying one's standards consistently across situations without rationalization. In contrast, low clarity and low conviction tend to result in rationalization and situational ethics; that is, one's standards vary in reaction to one's situation. When a person's ethics are totally dependent on the situation, he or she is like a ship without a rudder or, even better, like a captain without a compass.

People with high clarity do what they believe is good or right and avoid what is bad or wrong ("I think this is unethical and I'm not going to do it"); people with low clarity do what's convenient at the time ("What other choice did I have?"). In all relationships, people try to "read" others to determine "where they're coming from." If you're a person of clarity and conviction, I might not agree with you, but I can trust you to act with integrity; if your clarity and conviction are low, I'd have trouble trusting you.

Toward Common Ground

Because the actions of OD practitioners impact human lives for better or for worse, I believe we have an ethical and moral responsibility to be persons of clarity and conviction. A good starting point for building common ground is to focus on OD's

mission, which is working for balance between the individual and the organization for their mutual benefit, rather than debating the merits of particular instrumental values. People are fickle; words to describe specific values go in and out of favor. So, while younger people might not relate to terms like “humanistic” or “person-centered,” they will probably relate to learning, empowerment, and collaboration. Instead of getting hung up on words, therefore, the important question is, “What is the purpose or mission of OD and how can we serve it?” In this regard, Gellermann, Frankel, and Ladenson (1990, p. 327) quoted Peter Block as saying, “Dialogue about values and ethics is important, but it requires a context of common purpose to give it meaning.”

A mission for the profession is cited at the beginning of the “Organization and Human Systems Development Credo,” a statement developed beginning in the early 1980s with input from more than six hundred OD professionals in more than twenty-five countries. It has been endorsed as a “working statement” by leading professionals, including Robert Tannenbaum and Richard Beckhard. It reads, “Our purpose as professionals is to facilitate processes by which human beings and human systems live and work together for their mutual benefit and mutual well-being.” (See the Appendix or www.odnetwork.org/credo.html.) That mutuality is even reflected in the term “organization development,” where “development” emphasizes growth by people, and “organization” places the development within a specific context. When in doubt, go back to purpose.

The Credo also identifies a variety of values and ethics that OD professionals can use as a guide to clarifying their own standards. For example, *values* include “respect for human dignity, integrity, and worth,” “freedom, choice, and responsibility,” and “justice and fundamental human rights”; *ethics* include “acting with integrity and being true to ourselves” and “accepting responsibility for acting with sensitivity to the fact that our recommendations and actions may alter the lives and well-being of people within our client systems and within the larger systems of which they are sub-systems.” (See the Appendix for the entire Credo.)

Advocating balance between individuals and organizations is a *normative* approach to OD, in contrast to the *contingent* approach, where there is no advocacy. Establishing and maintaining such a balance is a process of continuous improvement, which is precisely why a field like OD is necessary. Prior to the 1960s, the pendulum was overbalanced on the organizational side, and early practitioners helped organizations shift it back in the other direction. In some instances, the balance may have even shifted too far toward the individual. Many practitioners who

have backgrounds in the behavioral sciences, as I do, have a bias toward the individual, so we must make a conscious effort to remember organizational interests.

Nevertheless, in the current business environment, the pendulum has once again shifted back toward organizations, resulting in a new round of issues impacting individuals. Here are some examples:

- After organizations downsize, remaining employees are pressured to do the work of those who have departed without additional compensation, creating new personal and financial pressures.
- Many downsized middle-aged managers have become unemployable, or can only find work at greatly reduced wages, causing many personal and financial problems.
- Although we've enjoyed a full-employment economy for over a decade, wages for the average worker have not risen, and in many cases have declined. Some workers must hold down two or even three jobs to make what they consider a decent living.
- Gender inequity in pay is still alive and well in many organizations.
- A feeling of expendability pervades the workplace. Many employees are afraid to speak out against organizational practices for fear of losing their jobs.

The fact is that organizations won't be successful in the long term if they allow such practices to continue (Collins & Porras, 1994). Practices that harm or alienate people lower morale and productivity. They also prevent shared values from emerging, and shared values are necessary to bring about alignment toward vision. Gelinas and James (1998, p. 9) framed the challenge this way: "The question is how can organizations generate profits in a way which both sustains and nurtures the humanity and goodness of people in the organization and considers the health and survival of the planet."

Inwardly, managers know they need to pay attention to people, but in the daily rush they forget or they don't know how. It's up to us to remind them or develop them. Even if they don't want to do this based on values, they have no choice if they want to achieve good business results. It would be unethical, then, for OD practitioners not to warn them about the potential negative consequences of their decisions. Failure to do so would violate their profession's mission, which is to promote practices serving the interests of both people *and* organizations. This would

be like an accounting firm colluding with their change management brethren to make the change interventions look better than they really are.

You can't make people change their values, but you can help them see the wisdom of changing their behavior. As the civil rights movement showed, behavior change can eventually lead to changes in beliefs, attitudes, and values. So, if the behavioral outcomes of OD practices serve to bring better balance between individuals and organizations, they will be furthering humanistic and person-centered values, even if we don't call it that. With an eye on OD's mission, therefore, some key questions for OD professionals to ask themselves when working with organizations are:

- What impact do OD practices have on individuals? What are the consequences of these practices?
- What impact will OD practices have on the organization's long-range success?
- How can better balance between individuals and the organization be established and maintained?

By focusing on questions such as these, I'm confident that the generation gap in the profession can be bridged. The profession cannot ignore this issue without losing credibility in the eyes of its clients.

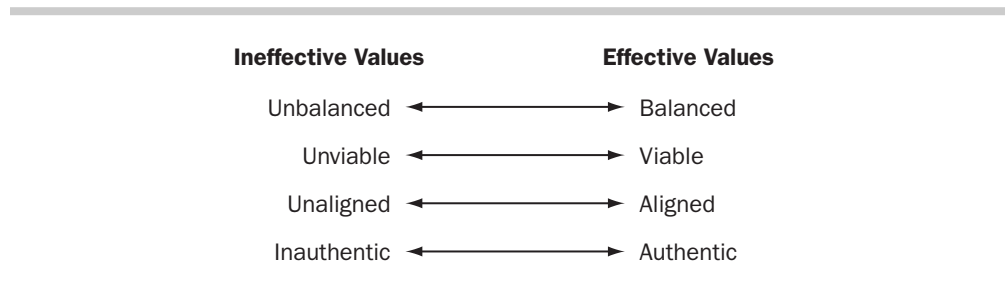
Assessing Values

In addition to a focus on mission, another way to build common ground is to specify objective criteria for assessing values. I offer four such criteria: *balance*, *viability*, *alignment*, and *authenticity*, presented in this book to stimulate discussion and possible research. I define them as follows:

- *Balance*—the degree to which values are given proper emphasis relative to one another.
- *Viability*—the degree to which values are workable in the current business climate.
- *Alignment*—the degree to which compatibility exists among an individual's values, or among the values of individuals, teams, and the overall organization.
- *Authenticity*—the degree to which values are used in a genuine, sincere manner.

In one way or another, all four criteria impact the relationship between individuals and organizations. As shown in Figure 1.1, each criterion can be placed on a scale extending from ineffective to effective. In this context, *effective* means ability to obtain desired results. Taken together, these scales can be used to assess the values of an individual, team, or organization, identifying strengths and developmental needs. Detailed descriptions of the criteria are provided in Chapter 5.

Figure 1.1. Ineffective and Effective Values



As a way of introducing the criteria and to show the power of values, it will help to examine four critical incidents where organizations attempted to implement change without considering important values issues. The incidents will be debriefed in terms of the four value scales discussed above. The Values Assessment Inventory (VAI), included in Chapter 5, measures values according to these criteria.

Company A: Unbalanced Values

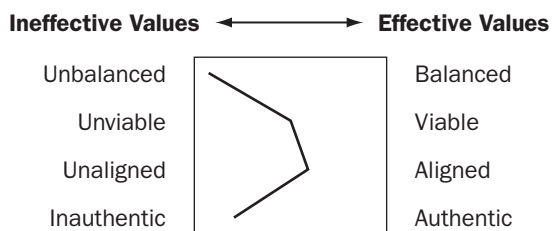
Company A is a large international management consulting firm with offices located throughout the world. During the 1970s and 1980s, the company expanded rapidly, due to its expertise in helping organizations to restructure after downsizing and implement quality improvement programs. As client organizations became leaner and more efficient, however, Company A experienced a business decline in the early 1990s. After downsizing a quarter of the consultants, the president informed the remaining employees that the company would need to reinvent itself to survive. He said another layoff was likely, but there would always

be a place for those who could develop new accounts and who were willing to “go the extra mile.”

This meeting struck fear in the attendees, who were experiencing layoff survivor sickness due to the recent downsizing. One veteran consultant remarked, “We help other organizations deal with situations like this all the time with minimum disruption, but when it comes to us they just bring out the machine gun.” Over the next few months, consultants worked feverishly to generate new business. While a great deal of camaraderie had existed among them in the past, the new pressures created a climate of internal competition and mistrust. Consultants accused each other of stealing clients and using underhanded tactics. As work demands and pressure continued to mount, one by one the most talented consultants began leaving to start their own businesses or work for other firms. During an exit interview, one of them commented, “The work and travel demands in this field have always been insane, but I’m not going to sacrifice my marriage and health for this business.” Another one said bitterly, “I spent many hours nursing a very delicate account over a six-month period, only to have a colleague undercut me to save his own ass.”

Alarmed by the exodus of key people, the president administered the Values Assessment Inventory (VAI) the results of which, as shown in Figure 1.2, revealed a lack of balance among the company’s values and an inauthentic atmosphere. He knew he needed to act quickly to keep the situation from deteriorating further.

Figure 1.2. Company A Assessment



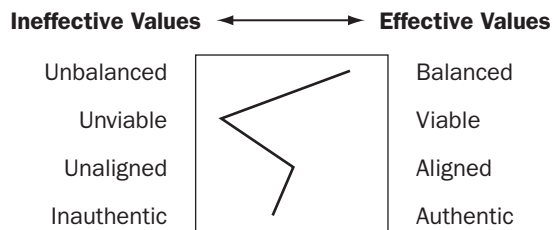
Company B: Unviable Values

Company B is a large manufacturing organization specializing in sophisticated weapon systems for warships. The company came into prominence during World War I and grew rapidly during World War II and the Vietnam Era. When the Cold War ended, the company avoided the massive downsizing other defense contractors experienced by successfully shifting its emphasis from surface vessels to submarines. Also, the company was able to successfully apply its technology to a variety of civilian markets. One insider said with pride, "We bet the farm on these changes and won!"

Over the years, the company built an elaborate hierarchical structure with many layers of management, purportedly to deal with all the checks and balances required by federal agencies. While this slowed the decision-making process considerably, steady revenue growth and minimal competition removed any incentive to change.

In the early 1990s, however, internal and external conditions began catching up to Company B. The organization had experienced minimal turnover in the past, but most of its key managers were well-entrenched Baby Boomers nearing retirement. Also the market was shifting away from conventional weapons systems to laser technology, an area in which the company lacked expertise. After top management decided to enter this market, they hired a group of young, highly educated engineers and scientists. This new crop of creative Generation-Xers had the raw talent and creative zest to make Company B a leader in the emerging laser industry, but many felt stifled by the bureaucracy and slow decision-making process. They clashed with the Baby Boomers who dominated the management structure, whom they viewed as resisting change. Meanwhile, the Baby Boomers complained that their experience wasn't being respected. Some of the most promising younger workers began leaving for start-up companies on the cutting edge of the laser field. When giving his notice, one said, "I didn't get a Ph.D. to sit on my hands and watch a dinosaur die!"

At the same time that the plan for expanding into the laser field was unraveling, competition for Company B's bread and butter products began heating up, and it was losing market share to leaner, far nimbler organizations. Values Assessment Inventory results, shown in Figure 1.3, revealed that Company B's values had become unviable, out of touch with current business realities. The organization needed to reinvent itself quickly or face certain extinction.

Figure 1.3. Company B Assessment

Company C: Unaligned Values

Company C was a computer software business on the cutting edge of the booming e-commerce industry. The market for its products and services had grown so rapidly during its first five years that many aspects of its infrastructure had been simply placed on the back burner. While the company had compensation guidelines and benefits administration, there were, for example, no employee handbooks or new employee orientations. Initially everyone knew everyone else, so personnel issues were handled informally, but now, with over five hundred employees and projections to double in size within three years, this approach became unmanageable. Finally the beleaguered HR manager came to the CEO and said, “We can’t just make stuff up as we go along. We’d better get some guidelines fast, or we’re a lawsuit waiting to happen.”

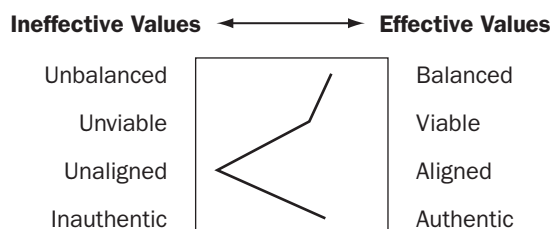
Alarmed at the situation, the CEO retained an external consultant and took his leadership team on a three-day retreat to carve out a set of company values. This proved to be a very rewarding experience for the participants. Not only did they get to know one another better and build closer working relationships, but they had very dynamic discussions about how they would like to see the company operating as it continued growing. They were unanimous in wanting to preserve the original entrepreneurial spirit, while ensuring that employee issues were handled in a consistent manner. At the end they emerged with a set of five values, which together formed the acronym *focus*. The values were:

- F** = Fun
- O** = Optimism
- C** = Customer-Driven
- U** = Uniqueness
- S** = Synergism

The next day the CEO held a company-wide meeting to unveil the new values. While he was very enthusiastic as he described the values and how the team came up with them, there was little reaction from the audience. When someone asked him how they settled on these particular words, the CEO replied, "It was a time of real synergy, as if we were tuned in to the same wave length. It's hard to explain; you just had to be there." As the employees dispersed, they began snickering about the values. Someone asked, "Are we having fun yet?" Several employees laughed, and one of them said, "I'm having fun but not in a unique way." The laughter built as another person added, "I'm having fun now, but I'm not optimistic about it continuing." This attitude quickly became infectious; soon no one could talk about the values and keep a straight face.

The CEO was stunned by this reaction and asked to speak to the consultant, who reminded him of the discussion at the retreat on building alignment. He admitted that in all the excitement he had neglected to do this. "I was so sure they'd catch our vision," he said in disbelief. "Now I've got egg all over my face." They agreed that the consultant would administer the Values Assessment Inventory to the entire workforce and, sure enough, the results, shown in Figure 1.4, revealed a lack of alignment with company values. As the CEO reviewed the results, he started piecing together a plan to correct the damage his oversight had caused.

Figure 1.4. Company C Assessment

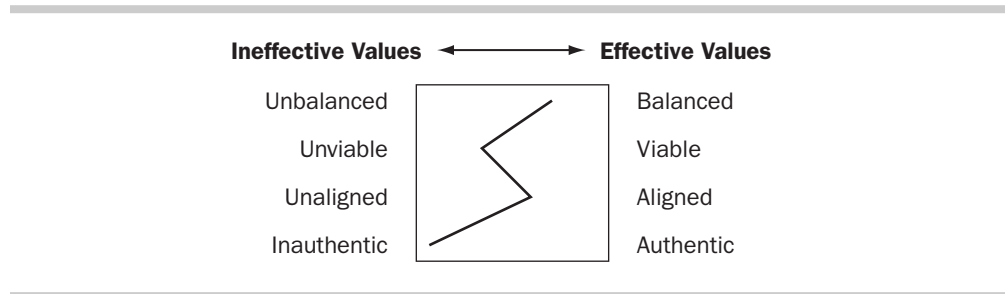


Company D: Inauthentic Values

Company D is a large construction company specializing in office buildings and shopping malls. The company was started by an enterprising architect (Mark) who learned how to bid low on contracts, and still make a profit, through the just-in-time coordination of labor, equipment, and material. He developed a reputation for dependability, so his company grew rapidly. He hired his own work crews and bought heavy-duty equipment, allowing him to keep his operating costs below inflation. In between projects, he subcontracted his workers and equipment to other contractors, which enabled him to maintain steady cash flow during periods of economic downturn. Eventually, the business became too large for him to manage by himself, so Mark hired someone to serve as COO (Sam).

Although Mark was a shrewd businessman, he also had excellent people skills. Workers would rise to the occasion to complete jobs because they felt a personal commitment to Mark. In contrast, Sam was a command-and-control type of manager who prided himself on running “a tight ship.” Sam used threats to keep people on track, and mistakes were considered “unacceptable.” If someone didn’t show up at a work site on time, Sam would fire him or her on the spot. He was also openly critical of workers who didn’t follow his orders to the letter. Soon the efficient but congenial organization established by Mark was replaced by one of fear and intimidation. Following a series of complaints by employees, customers, and suppliers, Mark realized he had made a mistake and let Sam go.

Mark replaced Sam with Jim, who had a solid reputation as a people-oriented project manager. During his first employee meeting, Jim said he didn’t want people to be reluctant to admit mistakes because his emphasis was going to be on learning, not placing blame. As the weeks went by, everyone was polite to Jim, but no one seemed willing to take responsibility for mistakes. Sensing that they might not trust what he said at the employee meeting, Jim had everyone complete the Values Assessment Instrument. Not surprisingly, the results, presented in Figure 1.5, showed a low level of authenticity, and Jim realized that additional steps would be needed to show employees that his values were genuinely different from Sam’s.

Figure 1.5. Company D Assessment

In the next chapter, I introduce the Motivational System Model, which explains the personal, interpersonal, and organizational factors that determine effectiveness. As we shall see, values are a key component of the Motivational System.