CHAPTER 1

What Is an Organizational Constitution and Why Do You Need One?

You sense it the moment you step onto the Southwest Airlines plane.

Flight attendants greet you with a hearty, "Welcome aboard!" They look you squarely in the eye and give you a big smile.

One asks how your day has been and genuinely listens to your answer as they walk with you up the aisle to your chosen seat.

What you sense and feel so readily is that Southwest Airlines employees *care*. They enjoy what they do. They enjoy their teammates. They enjoy their customers.

They willingly engage with customers and teammates and have fun with both. And, they have fun while flying customers safely to their destinations, consistently on time (arrivals and departures), and with one of the lowest incidences of lost luggage in the industry.

Southwest delivers top performance while serving customers happily.

Or, you may be shopping on Zappos.com. You don't see the shoe model you'd like online so you call their toll-free phone number (which is prominently displayed on every page). As you dial, you realize it's 1:00 a.m.

No worries. Zappos team members are available 24/7. Carmen answers the phone and cheerily asks how she can help you. You explain that the website doesn't show the shoe you're looking for.

Carmen says, "Let's see if I can find a shoe that you might love!" Within moments, Carmen suggests two models with similar features and styling. She points you to their web page on Zappos.com so you can view them and decide if you'd like to try them.

You tell Carmen you would like to "hold them in your hands." She arranges free shipping of both pairs so you can try them on at home.

Carmen says, "Keep the pair you love, and ship the other pair back to us. Free!" She explains that if you don't like either pair, ship them both back for a full refund.

Zappos delivers top performance while serving customers happily.

Both of these successful, service-driven, and unique companies have *formalized their purpose and values.*

They are intentional about workplace inspiration. They don't leave their company culture—or the treatment of employees and customers—to chance.

Southwest Airlines staff and Zappos team members engage willingly, pleasantly, and enthusiastically with customers because *they love serving people*. Southwest Airlines and Zappos hire people with a service mindset and a servant heart. Team members who don't embrace the values of these organizations don't stay.

In these organizations, there is no space for team members who don't align with the company's values and who don't enjoy serving others.

You may have experienced other providers that have "it," that unique, friendly, authentic, inviting environment that envelops you as a customer.

It might be your favorite "mom and pop" espresso house or your local dry cleaners.

You might not stop to think about it; you might just bask in it!

And, maybe you have thought about it.

You've asked yourself, "How do they do that? How do they create such an inspiring workplace that includes employees who love their work and love their customers?"

What companies like Southwest Airlines and Zappos do is make workplace inspiration—the employee experience—as important as performance and profits.

WHAT IS THE CONDITION OF YOUR TEAM OR COMPANY'S CULTURE, RIGHT NOW?

Just as you can sense the customer-focused culture when stepping onto a Southwest Airlines plane or speaking with a Zappos customer service team member, you can gauge the culture of your team or company by walking around your operation, by listening to what is important to staff, and by observing the quality of interactions between leaders, followers, and customers.

I encourage you to pay attention to what you pay attention to.

Most leaders look exclusively at profits and production.

And, results are not the only important product of an organization. How people are treated—and how they treat others—is a vitally important element of workplace inspiration that needs proactive and intentional tending.

Leaders of teams and companies need to keep their fingers on the pulse of *how* their organization is operating, not just how it's performing.

In each chapter, you will find a Culture Effectiveness Assessment that will require you to learn your organization's "truth," in order to check your assumptions about what is and is not going well within your team or company.

Leaders base plans, decisions, and actions on what they believe to be true about their team or company "in the moment." To what extent, though, do leaders check their beliefs against others' perceptions before making a decision or taking an action?

This book is designed to help educate leaders and team members about what a high-performing, values-aligned work environment looks, acts, and feels like. The book includes tools like the Culture Effectiveness Assessment, step-by-step ways to craft each element of your

organizational culture, and proven guidelines for how to communicate, market, and manage to your organizational constitution.

Each of these elements is designed to make you hyper-focused on both your team or company's performance and the values it lives by. The examples, stories, and tools presented in this book will help you to learn your organization's truth and the reality of how the workplace environment operates today.

To understand your organization's truth, you need to:

- **De-Insulate Yourself.** It is likely that you have, unintention-ally, depended upon a select few players to give you informa-tion about what's happening around your workplace daily. Increase the number of your sources inside the company. Dedicate space and time to learn from different players throughout the organization to ensure you're getting a bigger, more accurate picture.

- **Genuinely Connect with Team Members.** Employees know which leaders are truly interested in them as people, not just in them as contributors or "cogs in a wheel." Connect with players in every department and function. Learn people's names. Engage them in conversations about their families and hobbies. Take five minutes to visit, without problem solving. Listen without defending. Over time, these genuine connec-tions will enable others to tell you their perceptions, concerns, and hopes.

- **Seek Out Truth-Tellers.** It is all too common for leaders to, over time, surround themselves with people who reinforce the leader's current beliefs and perceptions. However, the most effective leaders engage with truth-tellers often. Truth-tellers are unafraid of describing their perceptions, theirs and others' understanding of the reality of the leader's plans, decisions, and actions. Knowing more people's truths can help make the leader's future decisions more effective.

- **Share Your Assumptions and Your Learning.** Check your assumptions by sharing them with team members. Say, "I

believe *x* is an opportunity for us. What do you think?" As you learn more of your organization's truths, share those. Say, "I'm learning that many of you don't understand a recent decision of mine. Here's what I was trying to accomplish . . . ." Listen, and continue to refine your assumptions, plans, decisions, and actions.

In the meantime, we need you to learn more about what's happening in your work environment today. To help you start to understand your organization's "truth," I encourage you to take a tour, right now, of your team or company's work environment.

Don't take notes. Just wander around, and observe the current state of your team or company culture. (You can jot notes down later.)

On your tour, notice whether the work environment is clean, bright, and inviting.

Notice if workspaces and hallways are free of any material that might cause someone to stumble or that inhibits free and safe passage.

Is signage helpful and clear?

Does the facility and equipment "shine" with loving care, or is it dull from years of use and neglect?

Do employees greet each other kindly, not so kindly, or not at all (they mostly ignore each other)?

How do employees greet customers (if yours is a customer-interfacing environment)?

How do team members treat each other—with respect, with distain, or something in between?

Are team members doing the work they need to be doing—or are they distracted?

Is the work environment one of steady activity, frantic activity, or something in between?

How are customers referred to—as valued partners or "distractions" to getting the "real work" done?

Observe meetings, paying close attention to plans, decisions, and actions. Do those plans, decisions, and actions honor employees, customers, and stakeholders equally—or does one group win out over the others?

Take in every function during your tour. Observe behavior and conditions all over your facility. Take notes on your insights.

If you have facilities located in far-flung regions, you can phone people you trust in those facilities and ask them to tour, observe, and report back their insights.

Before we review your tour notes and insights, let me congratulate you. You've just done something that far too few leaders do examine the condition of your organization's culture. These culture tours are vital ways for you to keep tabs on how well your culture operates, how inspiring your work environment is, and the degree to which employees are excited to serve in and for your company or team.

The best way—our proven way—for you grow skills for proactive culture management is to:

- Study the best practices of high-performing, values-aligned organizations (which this book and other avenues provide).

- Gather frequent data on the condition of your team or company's culture (through observation, employee surveys, exit interviews, frequent informal conversations, and other means).

- Close identified gaps between your current culture and the high-performance, values-aligned culture you and your employees deserve.

If you choose to proactively manage your desired team or company culture—and I'm confident you will (after all, you're reading this book right now)—you'll be doing more tours more often in the days to come.

Let's review your tour insights by having you rate the statements in the chart that follows on a one to six scale. Circle your score for each item.

Culture Effectiveness Assessment #1: Informal Tour	Strongly Disagree	Disagree	Slightly Disagree	Slightly Agree	Agree	Strongly Agree
1. Workspace Attractiveness Our work environment is bright, clean, and inviting.	1	2	3	4	5	6
2. Workspace Safety Our work environment delivers safe passage and safe operations.	1	2	3	4	5	6
3. Team Member Perceptions and Interactions Leaders and team members enjoy positive, trusting relationships with each other daily.	1	2	3	4	5	6
4. Team Member Performance Team members know what they're supposed to do and are actively engaged in doing it daily.	1	2	3	4	5	6
5. Customer Perceptions and Interactions Internal and external customers are treated with the utmost dignity and respect during every interaction.	1	2	3	4	5	6

Tally up your scores. On this first assessment, the total possible point value is 30. A score of 25–30 is very good; that means you rated each item with "agree" or "strongly agree."

It is likely that your total score at this early stage is short of 25 points—maybe even short of 15.

You may be a "tough grader," holding your team or company to high standards. That's not a bad thing here.

You may be an "easy grader," believing your team is terrific, despite the reality that is evident just below the surface.

You need the perspective of the *unvarnished truth*, a clear understanding of your team or company's true starting point in this journey toward a high-performing, values-aligned workplace.

Whether you scored your team or company culture as effective or not so effective at this stage, you probably believe your team or company is performing below it's potential. You've seen opportunities pass the team by, maybe because they weren't ready for it . . . or they couldn't see the opportunity for themselves . . . or they didn't want to work any harder . . . or a multitude of other reasons. "Why wouldn't the team see this opportunity?" you might ask.

You probably see self-serving behavior by leaders or employees, periodically or more frequently. "Why do those players act in self-serving ways?" you might ask.

These are a wonderful, insightful example of the "concept of perfection."

THE CONCEPT OF PERFECTION

In the executive coaching world, the concept of perfection can help clients understand that there are very good reasons for why things are the way they are and why things happen the way they do.

In this case, perfection doesn't mean that things are working "perfectly" or "as desired." It means they are working *exactly the way we should expect them to work*, desirable or not.

In an executive coaching relationship, a coach tries to help a client understand that their behavior, decisions, and actions are logical, rational outcomes of their beliefs and thoughts. The situation they find themselves in at any point in time is entirely driven by their behavior, decisions, and actions up to that point.

This is a cause-and-effect circumstance. The cause (the client's beliefs and thoughts) leads directly to the effect (the client's behavior, decisions, and actions).

A coach can easily see how the resulting effect is entirely driven by the underlying cause. The results are "perfect." A person wouldn't expect to see any different behaviors, decisions, or actions, given that client's core beliefs and thoughts.

In a culture coaching relationship, a consultant (yours truly, for example) tries to help leaders understand that the team or company's culture—the way members behave, decide, and act—are logical, rational outcomes of the leader's beliefs and thoughts about the business and the people in their business.

The concept of perfection is a powerful tool to help leaders assess their organization's culture. A company's culture evolves over time based upon the beliefs and thoughts of its leaders (cause), and that logically leads to consistent behavior, decisions, and actions demonstrated by members that live in that company's culture (effect).

Let's say that in your team or company you experience caring leaders who demonstrate trust and respect for their team members and who celebrate successes and wins along the way. You are seeing those leaders' underlying beliefs and thoughts being played out in that culture. It is *perfect*.

Or, in your team or company, you experience leaders who take credit for your work, who pit employees against each other, and who rejoice in "catching people doing things wrong." You are seeing those leaders' underlying beliefs and thoughts being played out in that culture. It, too, is perfect.

If you experience "less than positive" behaviors, decisions, and actions in your organization's culture, understand that *people are acting exactly as you would expect*. The way they are behaving now is being reinforced consistently, albeit maybe unintentionally.

If you want to eliminate negative behaviors, decisions, and actions in your organization's culture, you must change what gets reinforced.

You must *define* a "better way." Then, you must *live* the better way, every interaction. You must measure how all leaders are perceived, asking employees to regularly rank leaders on the degree to which they model your team or company's desired purpose, values, behaviors, strategies, and goals.

If you want more positive behaviors, decisions, and actions in your organization's culture, you must begin work to change the underlying expectations of leaders in your organization.

This is exactly what an organizational constitution does.

HOW CIVIL IS YOUR WORKPLACE?

Now that you understand how the concept of perfection is at work, every minute of every day, reinforcing your current workplace environment, let's look at the five levels of workplace inspiration.

In my research and experience I have found that every team and company culture I observe fits into one of these levels. From lowest to highest, the levels of workplace inspiration are:

- Dysfunction
- Tension
- Civility
- Acknowledgment
- Validation

A *dysfunctional* culture would be evidenced by open conflict and disagreement, rude treatment of employees and customers, and managing by intimidation. Workplace teasing and bullying is common at this level.

In a *tension-filled* culture, cliques isolate select employees. Jokes of a sexual or political nature are shared verbally or by email. Roles and efforts are undermined. Gossip is prevalent. Blaming and finger pointing can be seen daily. Teasing and bullying also happens at this level.

Civility is the first of these levels where consistent sanity is the norm. Work relationships are professional, formal, and diplomatic, if distant. The work environment is psychologically safe and respectful.

At the *acknowledgment* level, authentic respect is communicated often. Leaders and team members proactively thank peers for their efforts and their accomplishments. Credit is given willingly.

The *validation* level is the highest degree of workplace inspiration. Not only is credit given for efforts and accomplishment, responsibility and authority is given to engaged, talented team members. Players act independently and cooperatively to move the organization forward and deliver top-quality products and services. People

smile frequently, engage their peers respectfully, and feel trusted and valued.

Just as the concept of perfection reinforces a less-than-desirable work environment, it can also create and reinforce the desired validating work environment. It's all up to the leader, who must be intentional about their desired culture (defining it through an organizational constitution), then reinforcing that validating work environment every minute of every day.

There is an interesting dynamic that is very common in the dysfunctional or tension-filled levels: workplace bullying. As you can imagine, bullying has a powerful negative impact on workplace inspiration.

Research indicates that workplace bullying is part of many work environments around the world. Monster.com's 2011 global poll[1] found that *two-thirds of respondents admit to being victims of workplace bullying*. In addition, this study found that half of respondents who have not been bullied have witnessed it in the workplace.

The Canadian Centre for Occupational Health and Safety[2] reports that people who are the targets of workplace bullying may suffer from:

- Shock
- Anger
- Feelings of frustration and/or helplessness
- Physical symptoms, like the inability to sleep or a loss of appetite
- Psychosomatic symptoms such as stomach pains or headaches
- Family tension or stress
- Low morale and poor productivity

Bullying affects the workplace in broader ways, as well, through:

- Increased absenteeism and turnover
- Poor customer service

- Increased frequency of accidents and reportable incidents

- Increased costs of employee assistance programs (EAPs)

Your team or company cannot afford to reside in the dysfunctional or tension-filled levels. You must build a work environment of civility, acknowledgement, or validation—without delay.

We'll use the Culture Effectiveness Assessment—asking you to rate your team or company culture with questions in each chapter—to gauge your organization's level of workplace inspiration.

And, we'll outline steps to follow to help your team or company's work environment evolve.

WHO IS IN CHARGE OF CULTURE?

Helping your team or company's culture evolve into a validating, consistently high-performing and values-aligned work environment is a lot of work.

Culture change or, if you prefer, culture *refinement* is not something to be taken casually. It must be seen as vital work that needs time, energy, and intention to help craft consistent workplace inspiration.

So, who must lead your team or company's culture shift?

The player or players who are responsible for culture change are those who:

- Can create or modify the organization's incentives, policies, and procedures, and

- Have formal authority to guide the team, department, division, or company

In short, the leaders of your team or company are in charge of your team or company's culture.

Leaders get the credit when they have crafted a safe, inspiring, and productive work environment. Leaders also (deservedly) get the blame when they have crafted a tense, fear-driven, "I win, you lose" work environment.

However your team or company's culture is operating today, it's "perfect," exactly as we'd expect it to be.

If leaders want that culture to evolve, they must take action to *clarify* their desired culture (defining it in behavioral terms), *model* their desired culture (living it in every interaction), and *hold everyone on the team or in the company accountable* for living it in every interaction.

Here's the challenge: Most leaders have not *experienced* successful culture change. Even fewer have *led* a successful culture change.

Most team or company leaders simply don't know how to pro-actively manage their organization's culture.

That's what this book is designed to do—it educates leaders about a proven path for designing and aligning their desired culture.

The absence of demonstrated skills in managing a team or company's culture can tempt leaders to delegate the responsibility and authority for culture management to someone else in the organization.

Sometimes this temptation is driven by the absence of interest on a leader's part, so they delegate culture responsibility and authority.

Culture responsibility is often delegated to human resources or organization development or a similar function.

Delegation of culture responsibility almost always results in the complete failure of the culture change to gain traction. Why? Because only leaders of a team or company:

- Can create or modify the organization's incentives, policies, and procedures, and

- Have formal authority to guide the team, department, division, or company

If leaders are serious about culture change, they must accept, even embrace, the responsibility for it. To effectively guide their team or company's culture refinement, leaders must follow the guidance of proven practitioners (like yours truly) so their desired culture comes to fruition. This book provides that guidance.

NUTTERISMS

I introduced you to Jerry Nutter, one of my best bosses, in this book's introduction. He often taught us through truisms—which we called *Nutterisms*. I'll share some of these with you in features throughout the book.

"Everything a leader does either helps, hurts, or hinders the creation of a great team culture."

Leaders don't have neutral impact. They are on duty 24/7. Effective leaders are present, thoughtful, inquisitive, and of service, every moment.

CREATE A POCKET OF EXCELLENCE

What if you're not the CEO of your organization? Can you change the culture of *just* your team—even when it exists in a "less than perfect" broader organizational culture?

Many of you reading this book are not chief executive officers of your company.

Your "sphere of influence" may include a plant, a division, a department, or simply your own functional team.

Is it *possible* to institute an organizational constitution and make a positive difference in your sphere of influence, to build workplace inspiration?

Absolutely!

Is it *worth* it to engage your team or department in this process, when the overall parent organization isn't engaging in culture change at the same time?

Absolutely!

Many of the clients I've worked with over the past 20 years have been smaller, distinct units of their broader organization. They were plants, divisions, departments, and teams.

The leaders of those units realized the culture of their unit just wasn't helping their team's performance nor was it inspiring team members to bring their best and do their best, consistently.

A catalog printing plant came to our process because they scored so low on their company's employee engagement survey. They were told they *had* to "fix it," but weren't told *how* to fix it. They found us.

A large retailer came to us because the new senior vice president wasn't getting the quick traction he wanted on his vision, which was, "People with Passion drive Performance!"

One client implemented our process with his functional team. He had no budget but he did have time and an understanding of our best practices. The work with his team was "below the radar," not apparent to the rest of his division or the larger organization around him.

This leader simply brought his team along on the constitution journey.

Each of these units was a part of a larger organization or parent company. In most cases, the larger organization thought the culture work they were doing was, well, *dumb*. "How much money are you spending on this culture thing?" these unit leaders were asked. "Why are you wasting your time on culture? You won't see any benefit," they were told.

The questions kept coming until the impact of the culture shift became clear.

When tangible benefits such as 35 percent gains in profits and 40 percent gains in customer ratings and 40 percent gains in employee engagement are realized, the questions seem to go away.

Tangible benefits usually occur within 6 to 12 months of starting the culture refinement. When leaders stay on the path, fully implementing their organizational constitution, even greater benefits occur, typically in a timeframe of 18 months to 3 years.

Such pockets of excellence are a delight to behold. We've all seen them in our organizations over time. We observe their success, their

unique teamwork, and think, "I wonder why that team is doing so well—and having so much fun? What is their leader doing to create that?"

Then we go about our business, not giving it another thought. We don't stop and pursue how these "pockets of excellence" operate.

You can create a pocket of excellence, starting now. You can craft a team (or department or division or company) culture that inspires high performance and exceptional, respectful teamwork. You can build a team that loves its work, its customers, and its team spirit.

Whether you are doing culture refinement with a large or small team, you must embrace the role of proactive culture champion. You must invest time and energy in the communication, coaching, and celebration of traction towards your desired culture.

This book will outline the phases and steps required to create an organizational constitution and align people, plans, decisions, and actions to it. Implementing these strategies will help your team or company culture to evolve into a high-performing, values-aligned workplace.

AN ORGANIZATIONAL CONSTITUTION IS A "DISRUPTIVE TECHNOLOGY" IN YOUR WORKPLACE

This book is a road map for the creation of an inspiring organizational culture that generates organizational success (performance and profits) while, at the same time, honors its people through a work environment of safety, trust, dignity, and respect.

The foundation of workplace inspiration, of high performance and values alignment, is an organizational constitution.

To a great extent, implementing an organizational constitution in your team or company is a *disruptive technology*—it introduces new ways and new demands into an organization that is comfortable with its old ways. It causes pain and confusion as people leave behind what "has been okay around here" and embracing what you, the leader, "want it to be like around here."

Creating the clear expectations and liberating rules of an organizational constitution will take time and energy. It will also take time

and energy to communicate, model, and reinforce these expectations over time.

Shifting your team or company culture from "what is" to "high performance and values aligned" will disrupt routines, power structures, and stupid policies. It will create unintended consequences—some good, some not good at all.

It's a disruption, but the shift to a safe, inspiring, and respectful work environment is worth the short-term discomfort. Right?

So, what is an organizational constitution, exactly?

An organizational constitution is like the Magna Carta or United States Constitution in that it outlines specific expectations and rights of organizational members (leaders and employees).

Unlike the Magna Carta or U.S. Constitution, an organizational constitution does *not* outline the *governance* of the organization (employee ownership and such). It *does* describe the proven elements that make an organization's work environment consistently safe, respectful, productive, and inspiring.

An organizational constitution is a living, breathing document that outlines clear agreements on the team or company's purpose and the values and behaviors that all team leaders and members believe in and commit to.

The deeper that leaders drive their organizational constitution into their team, department, division, facility, or organization, the better the impact: higher employee engagement, wowed customers, and boosted profits.

When you manage by an organizational constitution, your team or company culture changes for the better, driven by *liberating rules* that leaders and employees buy into and demonstrate daily. These rules help them through ambiguity, setting standards of great team citizenship as well as great team performance.

When organizations don't have a constitution, people can behave badly—despite having the best of intentions. Players are simply trying to deliver what has been asked of them, using any means possible.

I hear about these scenarios in client organizations nearly every week.

Let me give you an example. Two senior leaders of a small professional services firm found themselves in a heated argument in the corporate offices, in full view of more than 40 staff members.

One demanded that a big client receive special treatment. The other argued that creating exceptions makes it hard to keep track of agreements and commitments. She explained how exceptions lead to missed promises more often than not.

In minutes they were berating each other using profanity that would make a longshoreman blush. They both stormed off, with no resolution on the issue. Anxious staff members looked at each other, embarrassed.

I spoke to the CEO who managed these two senior leaders. I asked, "Why do you tolerate such bad public behavior from your leaders?"

[Silent pause.]

The CEO said, "I told them to stop, but they keep doing it."

I explained, "Well, telling them doesn't seem to eliminate the lousy behavior, does it?"

[Another silent pause.]

I said, "Let's talk about changing the rules of engagement around here. Would it be helpful to outline standards of behavior that would be respectful of everyone?"

"Sure," the CEO said, "that'd be great."

"Drafting the agreements is easy. Aligning everyone's behavior is a little harder. But, that's your primary job as CEO," I coached.

This CEO's company needed rules of civility, acknowledgement, and validation embedded in a formal organizational constitution. And, this CEO's company needed to manage to those performance and values standards, consistently.

Margaret Wheatley, the best-selling author and management consultant, states that, "Aggression is the most common behavior used by many organizations."[3] She sees aggression as "a nearly invisible medium that influences all decisions and actions" in a team or company. The problem is that aggression is "one of the greatest barriers to thinking clearly and working well together."

Aggression inhibits high performance and the alignment of values.

An organizational constitution redefines what a "good job" looks like for leaders and employees in your company or team. Most organizations focus entirely on results and performance. Results are certainly important, as financial viability helps the organization succeed another day. But, results aren't the *only* thing that leaders should focus upon.

High-performing, values-aligned organizations balance the focus on *performance* as well as the *values* they want lived by team leaders and members every day. Employees in these companies deliver on performance promises and do so while demonstrating values of, for example, integrity, civility, and creativity.

Let's "take a drive" for a minute to learn more about the parts of an organizational constitution.

You're driving along a North American road and come to an intersection with a four-way stop. As you slow to a stop, you notice a car already stopped on your right. Do you go or do they go?

U.S. traffic rules say that the car arriving first has the right of way. Without hesitation, you wave the other driver on.

If you both had arrived at the intersection at the same time, you'd honor the traffic rule that says cars to the right have the right of way. Without hesitation, you'd wave the other driver on.

By knowing and aligning to traffic rules, drivers are able to get to where they need to go safely. No drama, no road rage—everyone simply "drives friendly" (as they say in Texas).

Traffic rules provide drivers with specific rights (the "right of way") and give drivers specific guidelines to follow in situations that might otherwise be ambiguous.

Your organization needs a similar set of rules to help leaders and employees understand how to be *great corporate citizens* as well as how to contribute to the organizations goals.

An organizational constitution answers the following questions:

- What are we trying to accomplish? (That's your organization's present-day *purpose*.)

- How are we expected to treat each other? (Those are your organization's *values* and *behaviors*.)

- What is our blueprint for going to market during this performance period? (That's your organization's *strategy*.)

- What performance targets will keep us on track, delivering what we've promised to our customers and stakeholders? (Those are your organization's *goals*.)

In most organizations, performance metrics are closely scrutinized with dashboards that frequently update (per hour, per shift, etc.). Performance management systems focus on goal planning, goal accomplishment, exceeding performance expectations, and the like.

Little else is consistently measured, monitored, or rewarded in most organizations.

If you measure, monitor, and reward only production, that's what people will focus on. They will get the results being monitored in any way they can—even through aggressive, "I win, you lose," approaches. Respectful treatment of each other and of customers may or may not happen.

THE PERFORMANCE-VALUES MATRIX

A model[4] may be helpful here. When Jack Welch was president of General Electric, he mandated that GE's values be equally as important as performance for everyone in the organization—leaders, managers, supervisors, and employees.

Welch was the first corporate leader on the planet to demand *both* performance and values from every organizational player, including himself.
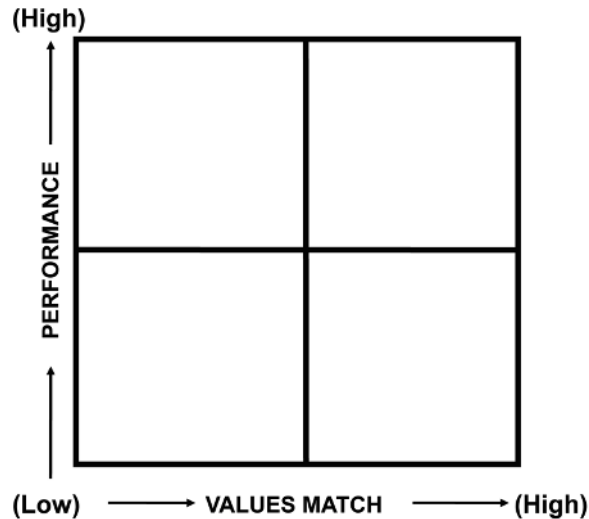
Figure 1.1   The Performance-Values Matrix
Source: The "Performance-Values Matrix" was originally published in the "*Gung Ho!*"
Participant Workbook, Item #10832, © 2000 Blanchard Family Partnership and Ode to
Joy Limited, and is included herein with the authors' permission.

The performance-values matrix outlines four possible combinations of performance and values. (See Figure 1.1.)

The vertical axis describes a player's performance at any point in time in the organization, with low performance on the bottom and high performance on the top.

The horizontal axis describes how well a player demonstrates the organization's espoused, desired values at any point in time, with low values match on the left and high values match on the right.

A caveat: Before one can apply this model to their team, department, or organization, clear performance expectations *and* clear values expectations must be defined and agreed to in advance by the organization's members.

The challenge with this model is how to measure the values match. Values must be as measurable as performance metrics and must be measured regularly (just as performance metrics are monitored).

The only way to shift values from lofty, vague references is to define values in *observable*, *tangible*, *measurable behaviors*.

Behaviors are measurable. Valued behaviors—the defined, specific behaviors that show alignment with your team or organization's desired values—are as measurable as performance targets and metrics.

Once performance and values expectations are clear, one can assess where any player fits in this matrix at any point in time. One simply assesses the degree to which a leader or employee is on the performance scale (missing, meeting, or exceeding performance expectations) and on the values scale (missing, meeting, or exceeding values expectations).

The best place for staff (leaders, managers, supervisors, and employees) to exist on this matrix is the upper-right quadrant. Players in that quadrant meet or exceed performance standards, and consistently demonstrate desired valued behaviors.

What should you do with high-performance, values-aligned players in your team or company? Trust them, honor them, validate them, compensate them, and, most importantly, *keep* them.

A not-so-good place for staff to reside in this matrix is the lower-left quadrant. "Lower-left" players fall short of performance expectations and do not consistently demonstrate desired valued behaviors.

What should you do with the low-performance, low-values player? *Lovingly set them free*. Or, as WD-40 Company president Garry Ridge says, "Share those employees with the competition!"

One could invest time and energy to raise these player's skills (to improve performance) and coach them to modify their interaction behaviors (to increase the values match), but research and experience show that such time does not pay off in the long run. It's best to let these folks go work somewhere else. "Lovingly" set them free, with dignity, because the way you treat staff—those that are leaving and those that are staying—says more about your values than any published statement.

Players in the bottom-right quadrant present an interesting challenge. What should you do with the values-led players who are

unable to consistently perform? Train them, build skills, and even move them to different jobs that leverage their skills.

You don't want to lose the values match if you can help it. However, if these players are unable to consistently perform in any role, then you must lovingly set them free.

The upper-left quadrant is where the most damaging players reside. The high-performance, low-values match players are *poison* in your team or organization. They exceed performance expectations (which is good) while demonstrating a very different set of values than those you desire (which is not good, at all).

What must you do with these players? Lovingly set them free, as fast as you can. Their very existence in your team or organization erodes your leadership integrity and erodes trust among staff as well as customers.

An organizational constitution outlines your team's purpose, values, strategies, and goals. Holding all staff accountable for both performance and values ensures that your organization is populated by inspired, high-performing, values-aligned players.
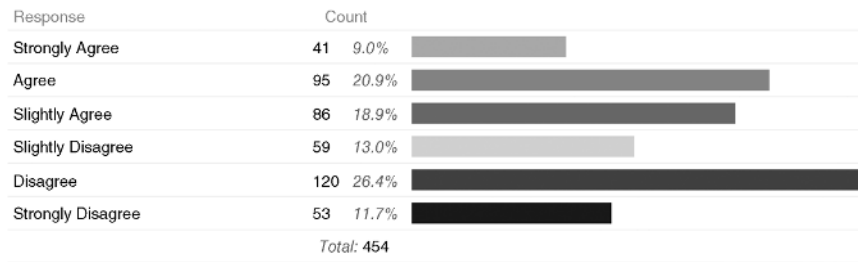
THE COSTS OF MEASURING ONLY PERFORMANCE

What are the risks of *not* having defined values expectations—or of *not* managing to those desired valued behaviors?

Typically, when organizations don't have defined values or behaviors, leaders and employees treat each other (and even treat customers) badly because *no one is paying attention to values.* No one is measuring or monitoring the quality of interactions that happen daily.

In such work cultures, people can and will do *anything* to meet performance expectations—poach customers, overpromise to get the sale, stretch the truth to gain advantage, withhold information so a peer stumbles (or fails), withhold information so a customer makes the buy, and worse. Aggressive, self-serving behavior is the norm.

What is missing in these organizations is a clear definition of how "great corporate citizens" behave—and the commitment of all parties to

Our team has defined what a "good team citizen" acts like.

Response	Count		
Strongly Agree	41	9.0%	
Agree	95	20.9%	
Slightly Agree	86	18.9%	
Slightly Disagree	59	13.0%	
Disagree	120	26.4%	
Strongly Disagree	53	11.7%	
	Total: 454		

Figure 1.2   Good citizen responses from the Performance Values Assessment

demonstrate those behaviors. People need to understand exactly *how* people and customers must be treated in every interaction.

Look at Figure 1.2. It shows global responses to one of the survey questions from my Performance-Values Assessment.[5] The items in this assessment are ranked on a six-point scale. The two desirable answers are "strongly agree" and "agree." The other four answers are not desirable.

This particular item shows that slightly less than 30 percent of 454 global respondents strongly agree or agree that their team or company has defined what a "good team citizen" acts like. That means *just over 70 percent of respondents live in a work environment without behaviorally defined values*.

Figure 1.3 illustrates a similar item from another research project I have under way: the Great Boss Assessment.[6]

This leader has defined our team's constitution (purpose, values, strategies, and goals).

Response	Count		
Strongly Agree	29	10.7%	
Agree	72	26.6%	
Slightly Agree	60	22.1%	
Slightly Disagree	36	13.3%	
Disagree	48	17.7%	
Strongly Disagree	26	9.6%	
	Total: 271		
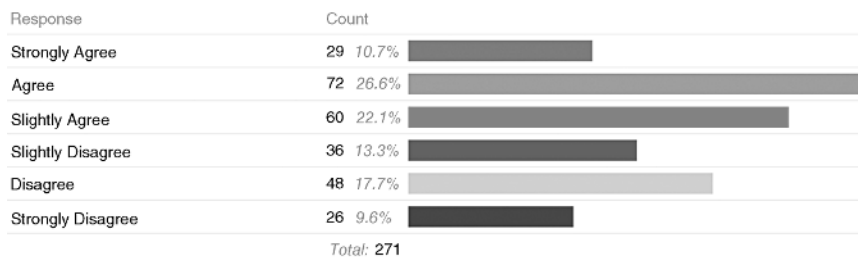
Figure 1.3   Defined values responses from the Great Boss Assessment

In this item, 38 percent of 271 global respondents believe their boss *has* defined their team's constitution (purpose, values, strategies, and goals). That degree of agreement is better than the "good team citizen" data above—but it still leaves *62 percent of respondents that live in a work culture without formally defined purpose, values, strategies, and goals.*

Let's look a bit more closely at Zappos, the online shoe and clothing retailer that is one of the most successful *and* values-aligned organizations on the planet today. Is Zappos a high-performing company? The data indicates that it is. The organization went from startup in 1999 with negligible sales to over $1 billion in gross sales in 2009. That's the same year Amazon purchased Zappos for $1.2 billion.

Zappos' wunderkind CEO, Tony Hsieh, gives much of the credit for the company's growth and success to their unique culture. Tony wanted Zappos to be a fun place to work with a family atmosphere that inspires workers.

He founded the company on ten formally defined values that employees embrace and make uniquely their own. Delivering happiness is what the company does for employees—and they, in turn, deliver happiness to Zappos customers.

Zappos employees see the culture there as an extended family, a club with a very deep sense of belonging to something special. Employees say they are accepted for who they are—they're not clones, they are unique teammates who trust and support each other. Zapponians (as they call themselves) feel treated like royalty—that's a powerful indication of workplace inspiration.

Amazon's CEO, Jeff Bezos, stated one thing very boldy when they purchased Zappos: Amazon would *not* change Zappos unique culture—they were operating beautifully and successfully. Amazon had no desire to change the culture there.

Zapponians publish a free culture book[7] every other year. Request your copy to learn how inspired and passionate Zappos team members are about their company, their culture, and their customers.

WD-40 Company is another benchmark global organization with top performance and significant values alignment. President and

CEO Garry Ridge says, "Values are the written reminder of the only acceptable behaviors in our organization."

One of WD-40 Company's values is "do the right thing." Ridge says this value inspires conversations every day that challenge plans, decisions, and actions to ensure the "right thing" happens for customers.

Another WD-40 Company value is "accountability." Every WD-40 Company tribe member makes a pledge, "I am responsible for taking action, asking questions, getting answers, and making decisions. I won't wait for someone to tell me. If I need to know, I'm responsible for asking. I have no right to be offended that I didn't 'get this sooner.' If I'm doing something others should know about, I'm responsible for telling them."

Garry believes "with rights comes responsibility." Personal responsibility comes first, and accountability for performance and for values naturally occurs in the WD-40 Company culture.

If a player doesn't demonstrate personal responsibility for performance and values at WD-40 Company, they simply can't work there anymore.

We'll learn more from Garry about the WD-40 Company "tribe's" culture journey and values in my interview with him in Chapter 6.

Both Zappos and WD-40 Company are WorldBlu "Democratic Workplace"[8] multi-year award winners. WorldBlu is an organization that promotes workplace inspiration in their 10 Principles of Organizational Democracy, which emphasizes organizational cultures based on freedom, not fear and control.

Unfortunately, workplace inspiration does not happen naturally—it happens only by intention. It requires clear standards, modeling, constant tending, alignment efforts, and celebration of traction towards a high-performing, values-aligned culture.

To be effective and actionable, an organizational constitution must include formal statements of organizational purpose, values, strategy, and goals.

Of these elements, most (not all) companies are familiar with purpose statements, strategic plans, and clear goals. The element that organizations have the least amount of experience developing is values—more specifically, *valued behaviors that are observable, tangible, and measurable*.

Values are the foundation of great corporate citizenship and of workplace inspiration. Only when values are defined in observable, tangible, and measurable terms can they drive desired behaviors every day.

Let's look at a value that is desired by many organizations around the globe: integrity.

How would you define integrity for your company or team? What do you mean by integrity in your workplace? Note a phrase or sentence that describes what you mean by integrity. If your team or company has an integrity value defined, feel free to use that definition here:

_____

_____

_____

_____

_____

Now, consider how you'd like people to *demonstrate* integrity, as you've defined it. How would they be acting so that, when you observe them, you'd see they were honoring your integrity value?

Note two or three behaviors that fit your integrity definition:

_____

_____

_____

_____

_____

How, though, might team members define integrity? Would they have different behaviors in mind as they consider how they and peers would model their definition of integrity?

It is quite likely that they would. Ask 20 people in your organization what integrity looks like, and you'll likely get 20 different answers. You might even get 30 different answers.

You see the problem. Everyone has a slightly different version of the value and of the behaviors in mind, and everyone judges others on how well leaders and peers demonstrate *their* version.

An organizational constitution creates *common* agreements based on *shared* purpose and values. These "rules of engagement" are formalized so every leader and employee knows what values expectations are—and can model them, praise them, coach to them, and redirect misaligned behaviors.

Defining values and behaviors and then holding everyone in the company or team accountable for living them creates continuity and sanity. Every player knows what's expected of him or her.

Valued behaviors are *liberating rules* for every leader and employee—they describe exactly what's expected. Players don't have to spend time hedging or guessing how one should treat others or be treated. There is no more toleration of rude behavior or workplace bullying.

Compare your "integrity" notes to how one client outlined its "integrity" value:

Value: Integrity

Definition: We are accountable for our actions. We do what we say we will do. We do not compromise our organization's values, no matter what.

Behaviors:

- I hold myself accountable for my commitments and actions; I keep my promises.
- I attack problems and processes, not people.
- I accept responsibility and apologize if I jeopardize respect or trust.
- I align all of my plans, decisions, and actions with the organization's purpose and values.

These behaviors are in the form of "I" statements. They describe how every employee, no matter their title, role, or responsibilities, behaves, day to day.

These behaviors are *positively* described; they outline how you want people to *act* daily. The behaviors don't say "I will . . ." because "will" means I *might* do it later. I don't have to do it *now*. You want every player to *do* these behaviors *now*, consistently, always.

These behaviors outline what you want members of the organization to *do* daily (not what you *don't* want them to do). This lets every leader and employee know how they are expected to behave in order to demonstrate the organization's integrity value.

Let me offer a brief lesson about the power of "do" messages. The human brain processes "do" messages more quickly and efficiently than "don't" messages. A couple of examples highlight the importance of stating desired behavior in positive terms.

Let's say you are riding your bike on a narrow trail. If you tell yourself, "Don't fall!" your brain hears, "Fall!" You lose focus, you lose desired straight-line tracking and momentum, and you fall. Ouch.

Or, you are playing golf with friends. You find yourself on the tee box with your driver in hand. A nice, green, mowed, expansive fairway lies before you. There is a lake along the left side of the fairway. As you line up your shot, you say to yourself, "Don't hit it into the lake!" Your brain hears, "Hit it into the lake!" You lose focus, and—despite your best intentions—your ball goes right into the lake with a splash.

"Don't" messages are used quite often in the work environment (and at home, for that matter). Workplace "don't" messages include such statements as "Don't be late" (for meetings or project deadlines), "Don't be a jerk" (don't yell or be rude), "Don't promise what you can't deliver," and the like.

By stating messages in *positive* terms and stating desired behaviors ("do" messages), more consistent and frequent alignment to that behavior occurs. By stating, "Be on time," "Be kind," or "Be of service," these messages become much more actionable.

Valued behaviors become the metrics for great corporate citizen-ship and for workplace inspiration. Once these valued behaviors are published, leaders must live them and coach them consistently.

Leaders must then create systems (like a custom values survey) that measure how well leaders and employees demonstrate these behaviors day to day.

We'll learn about how to measure values alignment in Chapter 7. The results of a leader or employee's custom values survey profile can be combined with their performance appraisal to provide a more complete picture of that leader or employee's contributions to the organization.

HOW DOES AN ORGANIZATIONAL CONSTITUTION HELP YOUR COMPANY, DEPARTMENT, OR TEAM?

You can't afford to operate without an organizational constitution. The costs of leaving your team or organization's culture to chance are too great.

The positive financial impact of aligning plans, decisions, and actions to clear purpose, values, and behaviors is impressive and the benefits undeniable.

One of the first noticeable changes in the work environments of our culture clients is the growth in employee engagement. In morale surveys, satisfaction surveys, and engagement surveys, our culture clients have seen 35–40 percent engagement gains in 12 to 18 months.

What is the benefit to organizations of greater employee engage-ment? Let's look at the research.

In its 2013 "State of the American Workplace" report,[9] Gallup, Inc. describes how engaged workers help their organizations succeed. Engaged workers have significantly higher productivity, profitability, and customer ratings, less turnover and absenteeism, and fewer safety incidents than their disengaged colleagues.

However, Gallup's research indicates that only 30 percent of American workers are engaged, leaving more than two-thirds of work-place populations not engaged or actively disengaged.

Gallup estimates that actively disengaged workers cost U.S. businesses more than $450 billion in lost productivity each year.

In a 2006 study[10] of more than 23,000 business units, Gallup found that units in the top 25 percent of employee engagement scores generated 12 percent higher productivity than units in the bottom 25 percent of employee engagement scores.

Kenexa's 2008 study[11] of 64 organizations found that companies with highly engaged employees achieve twice the annual net income of companies whose employees are less than highly engaged.

Gallup's 2010 "State of the Global Workplace" report[12] found that most countries studied have fewer engaged workers than in U.S. workplaces. Only Brazil, Costa Rica, Guatemala, and Bahrain were close to the U.S. engagement totals.

In his book, *The Integrity Dividend*,[13] Dr. Tony Simons describes the benefits of what he calls "behavioral integrity." Simons defines behavioral integrity as managers demonstrating their organization's values and doing what they say they will do (keep their commitments).

Simon's found that when employees believe their bosses have behavioral integrity, employee commitment goes up. Committed employees apply discretionary energy in service to the organization's goals and customers. Customers notice and appreciate employee's discretionary energy, and support the company by buying and promoting its products and services.

The net gain: Profits grew 2.5 percent for every one-quarter point bump on a 10-point behavioral integrity scale.

For one of Simons' clients, a hotel chain, every one-quarter point bump earned each hotel $250,000 net profit. This was free money, generated entirely by employee perceptions of their boss's behavioral integrity.

Here are a few more examples that demonstrate the positive impact of employee engagement on business outcomes and customer service rankings:

- Morrison Management Specialists increased client satisfaction by 1 percentage point for every 2 percentage point increase in employee engagement.[14]

- Fabick CAT, a Caterpillar dealer in southern Missouri, USA, improved "percent of industry net sales" by 300 percent.[15]

- Highly engaged employees were 87 percent less likely to leave their companies than their disengaged counterparts.[16]

- MolsonCoors found that engaged employees were five times less likely than nonengaged employees to have a safety incident and seven times less likely to have a lost-time safety incident.[17]

High-performing, values-aligned companies report higher levels of employee well being than companies that do not ensure values-alignment. Research reported on the Positivity Works[18] website shows that employees with high well being:

- Deliver 31 percent higher productivity than employees with low well being.[19]

- Demonstrate three times higher creativity on the job.[20]

- Generate 37 percent higher sales results.[21]

- Report being 10 times more engaged by their jobs.[22]

- Report being three times more satisfied with their jobs.[23]

CLIENT IMPACT

Global research results universally prove that engaged employees generate greater profits and better customer experiences. What about clients that have used our "organizational constitution" process—what do their results show?

One client came to us because of low employee engagement survey scores. They scored 32 out of 100 possible points, the worst scores of the 8 business units owned by their corporate parent. This plant's senior leadership team embraced our culture process fully and promptly.

They defined values with observable behaviors so everyone—leaders and employees—understood what the rules were for effective daily interactions. They increased performance accountability across their production lines. They measured how well leaders lived the organization's new valued behaviors. They praised leaders who modeled

their values, coached leaders who struggled, and redirected leaders who didn't model or manage to the new values.

Within six months, conflicts, absenteeism, rework, and grievances dropped by 60 percent. Efficiency improved. Customers reported amazement at the "new service attitude" that company staff displayed.

When the next employee engagement survey came around twelve months later, their plant scored 62 out of 100 points! Theirs was the biggest gain in engagement scores of any of business unit in their company system, and, theirs was the top score across the organization.

At the 18-month mark, employee engagement had grown 45 percent, customer service rankings had grown 45 percent, and *profits had grown 35 percent*.

Plant leaders gave all the credit to every leader and employee's alignment to their organizational constitution.

Another client, a seven-state region of a large retailer, embraced our culture change process because the new senior leader's vision wasn't taking hold fast enough.

Joel, the region's senior leader, believed and preached "People with Passion drive Performance!" Joel's messaging and coaching in his first 18 months in the position helped *some* store managers "get it." However, most store managers did not.

Twelve months after creating their organizational constitution and managing to it (with our guidance), Joel's region enjoyed 40 percent gains in employee engagement, 40 percent gains in the customer experience, and 30 percent gains in profits.

A manufacturing plant in the Midwestern United States discovered a fabulous peripheral benefit to their organizational constitution. Their small town suffered flash flooding one spring, which caused tremendous damage in their community. Families were evacuated with little time to gather for necessities.

Plant employees banded together to provide food, clothing, and transportation for their neighbors. They volunteered hundreds of

hours for the Red Cross at the evacuation center. They secured funds from the plant's parent company to rebuild homes and businesses in the following months.

The plant manager said in the 40 years the plant had been operating in that town, no one had ever seen employees rally so quickly and confidently to serve their fellow community members. Some of the employees who volunteered to help had also suffered significant losses in the flooding. "Our values and behaviors didn't just apply inside the plant. These employees made sure they applied in our town, too," she said.

Most clients don't see these engagement, service, and profit gains quite so quickly—it usually takes 18 to 24 months to align expectations and practices to your unique organizational constitution. However, *these* leaders—and their organization members—embraced their purpose, values, and behaviors at exactly the right time. These leaders and employees were ready, even primed, for the disruptive technology of an organizational constitution.

The moral of the story: If you're only paying attention to results, you're leaving money on the table.

YOUR LEADERSHIP LEGACY

Let's discuss one more beneficial impact to creating and managing to an organizational constitution: your leadership legacy.

You create your legacy with every plan, decision, and action. Everything you do tells your boss, peers, team members, and customers what you stand for.

What you value is transparent through your actions.

For many leaders, legacy isn't something they are conscious about. They are conscious—and intentional—about getting stuff done, getting products out the door, getting services delivered as promised. "Legacy?" one leaders asked me. "I'm not thinking about my leadership legacy. I'm just trying to keep the doors open and make more money today than we spend!"

I understand the need for leaders to manage output; those are promises that must be kept. And, if your work environment isn't consistently safe, inspiring, and respectful, that environment erodes every employee's willingness to engage in the work, and it erodes every employee's personal well being.

That's *not* something to be proud of.

And, it costs you money: hard dollars . . . in opportunity lost, in mistakes tolerated, in "if they don't love or trust me, I won't love or trust them," lousy efforts by team members, and more.

This could be the legacy you're leaving, right now.

Yet every one of us has had great bosses that inspired us, who brought out our best, who treated us like royalty.

When I ask leaders what their best bosses did to deserve that coveted title, they consistently report these "great boss" behaviors:

- He trusted and respected me.
- She had high standards of me.
- He listened to my ideas.
- She supported me, even when things weren't going perfectly.
- When I made a mistake, he asked me about it, promptly and respectfully. He let me know he was disappointed and needed my best, every moment.
- She never blamed me—she knew I was doing my best.

We *know* what a positive leadership legacy requires; we've seen it and experienced it.

The hectic pace and incredible demands of our jobs have simply taken our eyes off the prize.

A few additional items from my research will shed light on the need for a positive leadership legacy. Figure 1.4 shows global responses to another survey item from my Great Boss Assessment.[24]

This leader inspires my best efforts each day.

Response	Count		
Strongly Agree	47	14.7%	
Agree	100	31.3%	
Slightly Agree	61	19.1%	
Slightly Disagree	29	9.1%	
Disagree	58	18.2%	
Strongly Disagree	24	7.5%	
		Total: 319	

Figure 1.4   Inspiration responses from the Great Boss Assessment

Forty-six percent of respondents strongly agree or agree (again, these are the two desirable ratings) that their boss inspires their best efforts each day. That's not bad—but it means that *54 percent of respondents work for bosses who do* not *inspire their best efforts*.

Figure 1.5 shows an additional legacy-related item from the Great Boss Assessment. This item gauges agreement on the degree to which respondents see their leader "coaching team members on behaviors that erode team performance, trust, or respect." Just under 37 percent believe their leader does; that means 63 percent experience a work environment where leaders do not address such behaviors.
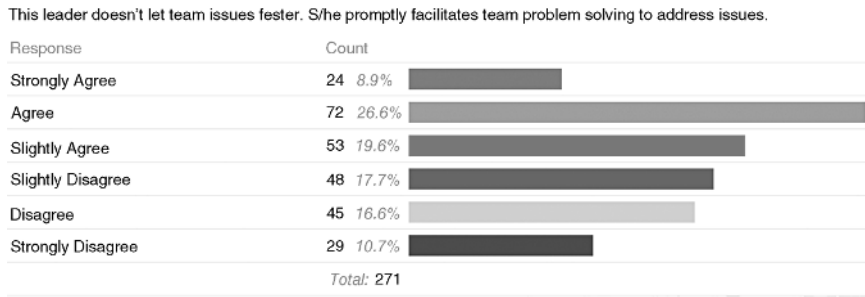
One final legacy-related item from the Great Boss Assessment is shown in Figure 1.6. This item asks respondents to rate how quickly their leader addresses team issues. Slightly less than 36 percent believe

This leader "calls us on our crap," coaching team members on behaviors that erode performance, trust, or respect.

Response	Count		
Strongly Agree	17	6.3%	
Agree	82	30.3%	
Slightly Agree	59	21.8%	
Slightly Disagree	50	18.5%	
Disagree	43	15.9%	
Strongly Disagree	20	7.4%	
		Total: 271	

Figure 1.5   Coaching responses from the Great Boss Assessment

This leader doesn't let team issues fester. S/he promptly facilitates team problem solving to address issues.

Response	Count	
Strongly Agree	24 8.9%	
Agree	72 26.6%	
Slightly Agree	53 19.6%	
Slightly Disagree	48 17.7%	
Disagree	45 16.6%	
Strongly Disagree	29 10.7%	
	Total: 271	

Figure 1.6   Team responses from the Great Boss Assessment

their boss doesn't let team issues fester. That means that *73 percent believe their boss lets team issues fester*.

There is no time like the present to build a stronger, positive leadership legacy. You may as well—you're going to be there in the foreseeable future anyway, right?

This book aims to educate readers that effective leadership involves much more than managing output. With an organizational constitution, the framework for a safe, inspiring, *fun*, and productive work environment is clear.

With an organizational constitution, consistent workplace inspiration is within reach.

Ready to learn more? The next chapter will help you get clearer about *your* purpose, values, and leadership philosophy. Then we'll dive into defining your team or company's organizational constitution: purpose, values and behaviors, strategies and goals.