

# Briefing note

## The whys and hows of corporate values

### Background

**A company's statement of values is a high level statement that describes how the company behaves. It is not a mission statement that describes what task the company aims to fulfil. Neither is it a set of commercial objectives. The 'rule of thumb' is that if it describes time limited objectives, task-oriented goals, or aspirations of achievement then it is a mission statement, or goals. Corporate values are about how what the company stands for and how its employees behave. They are about framing a role for the business that gives it a purpose beyond profit.**

It's not easy to do. For every one genuinely values-driven company there are many more where the corporate value statement simply exists as a poster on the chairman's wall. The result of such circumstances is that employees in the call centres, and possibly even those working on the other floors of head office, do not recognise the values statement describing the actual values and behaviours in the workplace.

To change a corporate culture from one of no values to a values driven company requires full and consistent commitment from the top, excellent communication throughout the organisation, and empowerment of staff to begin to use the values as their guide for making decisions. Even with all of these factors in place, it takes time to change – time that may be in short supply for the modern top CEO whose tenure in any one position has become fairly short term. In this briefing note we set out why having a good corporate values statement makes sense for a business, what makes it work and some good examples.

### The business benefits of a strong base of corporate values

Lot's of businesses get by without them, however research by Collins and Porras (Built to Last: Successful habits of visionary companies, 2005) showed that the key factor that was common to those companies that had been enduringly great performers – at the top of their market for a hundred years or more – was precisely a base of values that was strong enough to provide the employees of the company with a common bond – a purpose beyond profit.

Establishing a strong base of values within the business is the best way to effectively meet the dual interests of successful long term financial performance and also meeting the growing expectations on your business to operate with economic, social and environmental responsibility.

Without a values base, it can be a lot harder to achieve your goals across the organisation, even if you have some successful programmes and certain leading business units that exemplify best practice.

Getting it right can win all sorts of benefits:

- Employees who are loyal and supportive of the company, and more likely to stay if offered an equivalent position elsewhere;
- Customers who are more likely to trust the company – because whenever they look they see the company's employees doing the right thing;
- Suppliers who believe in the company's integrity;
- Enhanced relationships with investors, who may see that the company runs less risk of corporate scandals or controversies;
- Good relationships with government and local communities that begin to see the company as a good neighbour.

### What would you expect to find in a values statement?

There is no 'one size fits all'. However, factors that often come up in values statements include:

- Treating employees fairly, equitably and with respect;
- Operating ethically and with integrity
- Observing key standards of human rights, and keeping within the law;
- Protecting the environment for future generations;
- Being a responsible neighbour in the community.

Values statements can be very simple indeed. One company simply has the maxim that you should always "do right by the customer and by the employees". This can be the worst kind of fatuous platitude, or a profound guiding star for the behaviour of all employees – it all depends on the implementation.

But most statements of values have more detail that leaves little room for ambiguity in what they might mean.

### Good examples of statements of corporate values

Johnson & Johnson Credo

<http://www.jnj.com/connect/about-jnj/jnj-credo/>

KPMG values

<http://www.kpmg.co.uk/about/difference/values.cfm>

BT values

<http://www.btplc.com/Thegroup/Ourcompany/Companyprofile/Ourvalues/index.htm>

### Further guidance

*Aligning actions and values, Jim Collins, Summer 1996*

<http://www.leadertoleader.org/knowledgecenter/journal.aspx?ArticleID=135>

Article by Jim Collins (co-author of 'Built to Last') about the implementation of corporate values.

*How Dell Got Soul, cnet news, September 2004*

[http://news.cnet.com/How-Dell-got-soul/2030-1069\\_3-5366494.html](http://news.cnet.com/How-Dell-got-soul/2030-1069_3-5366494.html)

An excellent case study of how Dell tackled its deteriorating performance though establishing a values-driven approach.

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