

Why a Values-Based Business Beats the Competition From Every Angle

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"We're just not aligned."

This is what my client uttered into the phone. After a long silence followed by a long sigh, she said it again, "I mean, we're just not aligned. We're all over the map. Everyone is trying what they think is best but I just think we're all going in different directions."

How could this be? She is one of the most mission driven leaders I've ever worked with. She even has the company's slogan tattooed on her arm. She is sought after largely due to her passionate belief in the purpose of her company.

How could her people be "all over the map"?

"Well we've just grown so fast. I mean I can only be in so many places and I feel like I'm all over the map now too. I'm constantly having to solve problems and make decisions and I think they should know what to do a lot more, but they don't. So I'm flying the plane, I'm out selling, I'm raising our next round, and when I'm in the office I spend all my time in meetings telling them what to do. I just think that if we all understood what's important I wouldn't have to always be the decider."

When God wanted Moses to lead the Israelites He gave him the Ten Commandments. He gave Buddha the Five Precepts. He gave Allah the Five Pillars of Islam. He gave no one daily meetings.

"As much as half of the difference in operating profit between organizations can be attributed to cultures that are aligned around shared values."

Harvard Professor Emeritus, James Heskett, found that [as much as half of the difference in operating profit between organizations can be attributed to cultures](#) that are aligned around shared values.

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These Are The Unique Advantages of Being a Values Based Business

- You attract talent who want to go the extra mile
- Employee retention goes up and churn goes down
- Fewer outside hires reduces wage costs
- Costs for recruiting, onboarding and training go down
- Lost sales go down and sales per employee go up
- Higher employee continuity leads to better customer happiness and retention
- Cost of the customer goes down
- New hire and customer referrals go up
- Brand respect goes up because you are putting your beliefs on the line
- Brand recognition goes up because you have a unique story to tell.
- Customers buy from you and remain loyal because they believe in what you stand for
- Decisions become simpler and quicker as people at all levels know what's most important
- Individual aspirations take a back seat behind the beacon of shared values

Why this is personal

I'm not Moses, nor a famous Harvard professor, but a powerful set of shared beliefs changed my life.

Back in the day, in New York City, I was an actress. My friends were actors and artists whose lives were turned upside down by a disease that decimated our community. I joined a group of artists turned entrepreneurs to form one of the first HIV/AIDS organization in the country. We Acted-Up, marched, held bedside vigils and hundreds of memorial services. Then we got up the next day and told stories, wrote plays and music describing the insanity of our lives. We made progress. We made history. We changed lives and we kept going.

After our two co-founders died, I became Executive Director. Like Dorothy, I woke up one day and realized, I was not in Kansas anymore. I was no longer an actress. This stage was real and I was now leading an organization in the midst of the worst health crisis of our lifetime.

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For the next four years, I watched our employees and hundreds of volunteers of all ages, preferences, colors and beliefs, join together to work long hours for little or no pay. We sought funding, advocated, wrote policy, changed laws, changed minds, and provided food, social services and hands-on care to thousands of adults and children affected by HIV/AIDS.

My salary as Executive Director was \$42,000. Everyone else made less or nothing.

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Maybe you're reading this story and thinking, "I admire your passion, but no company has a comparable situation to so many deaths, nor anything as critical as a national health crisis."

Fair enough.

Flash forward ten years to the big five consulting firm. Our client is the finance office of a leading national life insurance company. The problem is described to our team by the senior audit partner: "These people have no clue what they're doing, how to do it, or why it matters and we, their auditors, are going to end up taking the blame for their mess."

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He ended with, "So you consulting-change-management-people need to get in there and fix this!"

A week later, at the insurance company finance office headquarters, we listened to the employees explain their lack of motivation.

They cited low pay, poor communication, out-of-date software, political gamesmanship, understaffing, disrespect, and a lack of conference rooms for meetings. I'm thinking, "So you're going to pay a consulting company multi-thousands of dollars to solve this for you?"

Yes. Exactly.



We got to work earning our consulting fees. We designed a workshop. It involved all 300+ employees and was led by leaders of each division. Prior to the event the departments came up with Seven Critical Success Factors they believed would turn things around, a.k.a their core values.

A year later, We were invited back for a checkup visit and found the same people in a different company. The faces were the same but they were smiling. The office cubes were still olive drab, there was still only one conference room. There had been a few modest, mostly symbolic pay raises, and yet there was a difference.

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The place was humming. People were huddled together in the aisles in cross-department meetings. They were tracking business metrics toward their goal of providing accurate, real time data to the company and they celebrated every time they hit a target. And those Seven Critical Success Factors were pinned up prominently in cubicles, magnetized on computers and posted on walls, not by management, by the employees.

Today's fastest growing, best-places-to-work are not just defining their values, they're performing a values trifecta combining employee led beliefs with social responsibility and deep customer understanding.

Ten years ago Zappos united their team and drove phenomenal brand loyalty through their commitment to delivering "Wow". The [2017 Global Edelman earned brand study](#) found that today, 50% of consumers worldwide are "belief-driven" buyers who will change their purchasing behavior based on a brand's stand on controversial societal issues. [Forbes' 2019 Corporate Responsibility report](#) notes that Internally focused values such as "radical transparency and a "culture of belonging" are being driven by the unique perspectives of millennials and GenZ.

So let's say you're sold on becoming a values-based business. You're probably already ahead of things and thinking about how to go about getting this done.

If you want to be values-based, here's what NOT to do:

Do not do an open brainstorming with your team. Instead focus your inquiry so that your values represent the very best thinking of your best people.

Do not create a science project by surveying the entire company for their individual values and then ranking and voting on them. This will add a lot of extra time unnecessarily, be more likely to divide than align, and this cerebral approach deflates the joy. Go this route and you will lose them at "hello".

Do not write down your personal values and introduce them as "our values". If your team doesn't help build it, they won't own it.

Remember the 80/20 rule of company values: In order to release the power of Core Values, spend 20 percent of the time defining your values and 80 percent making them come to life in your business. It's probably more like 90/10, but you get the idea.

Last week we held a two-day off-site for my client with the alignment problem. Her team was focused, productive and energized. The values definition exercise was engaging and powerful. And yet, the benefits of their efforts could remain unrealized. Leadership must ensure that daily decisions such as hiring, promoting, prioritizing and spending reflect and sustain the intent of their off-site output.

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Want to know the right way to define your company values? Download [How to Create Your Core Values Exercise](#) and take the first step towards energizing, inspiring and focusing your business for years to come.

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