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Building From Within: Designing a Values-Based Cultural Template

Joseph P. Hester

H. Darrell Young

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> *"The development of leadership capacity within an organization is not random. It happens by design. Building an innovative culture and recruiting talent that understands innovation and the importance of continuing to learn is critical."*
> — Stewart Levine & Associates LLC

JOSEPH P. HESTER, PH.D. & H. DARRELL YOUNG

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Introduction
Leading By Values

As we give our attention to values-based leadership development (V-BLD), we acknowledge that a plan is needed for re-building businesses and organizations on a values foundation. Without a plan, V-BLD is only a pipedream as many business plans give only lip service to the internal culture of the organization. We believe that a cultural business plan must be developed with a foundation in values and fully integrated into the overall business plan of the organization. This plan sets the parameters of behavior within the organization and with its customers. It is our belief that the creation of a business as a moral community is vital to the establishment of a values-based leadership culture. A values-based culture seeks moral unity within and without.

The literary critic Cleanth Brooks[2] supports the idea that a foundation of shared values is required for building community. He notes that community is "a group of people held together by common likes and dislikes, loves and hates held in common, shared values." He continues his explanation of social stability by saying, "Where there is a loss of shared values, communities may break down into mere societies or even be reduced to mobs. The loss is ominous, for when men cease to love the same things, the culture itself is disintegrating."

We live in a world where a dominant value is instant gratification. This is revealed by how we avoid even the slightest discomfort; but change and discomfort are a part of our organizational/business landscape. As Cleanth Brooks[3] says, "Change has come — and of course is still coming — but the questioning of old attitudes and values is a powerful stimulant to observation, memory, and cogitation. If the loss of the old provokes in some no more than the irritation at being disturbed, it sends others back to an examination of their first principles. If the new constitutes a challenge to the old ways, in the philosopher and the poet the old may offer a counter challenge to the new." Today we are being challenged to examine "first principles," the foundational beliefs and values that are able to create and sustain a values-based organization. Whether "old ways" or "new," re-evaluation of our beliefs and values is required as we seek unity of purpose and mission.

The value complexities that entangle us are many, perhaps initiated by the global economy as much as by questionable business practices that caused the present economic crisis, and a values relativism prevalent in contemporary media, political, and business practices. These events have turned our attention to evaluating business cultures and encouraging business cultures that are values-based. Over forty years ago, Robert Greenleaf issued a call for V-BLD in terms of "servant leadership." His foundation continues to support and promote servant leadership through the Internet, training, and publishing.[4]

Many believe that V-BLD will bring stability to corporations, perhaps even to the operations of local, state, and national governments. We, too, believe that honesty and integrity among workers, with customers, and those affected by its products and services will bring stability of purpose and mission to corporate operations.[5] We acknowledge the importance of value, but are quick to point out that "value" is a generic concept – applied variously in business, education, religion, etc. – that is more often than not situationally defined.[6] This introduces even a deeper complexity into corporate and organizational culture requiring a workable plan to initiate.

Thus, we take the initiative and anchor "value" and "values-based leadership development" in a culture of moral principles. These will include, but are not limited to, the following:

- The quality of respect employees have for each other and all those whom the

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[2] Winchell, M.R. (1996). *Cleanth Brooks and the Rise of Modern Criticism*. Charlottesville: University Press of Virginia.

[3] *Ibid.*

[4] Greenleaf R. K. (1970). *The Servant as Leader*. Indianapolis, IN: The Robert K. Greenleaf Center.

[5] Young, H.D. & Hester, J. (2004). *Leadership Under Construction*. Lanham, MD: Scarecrow Press.

[6] Hester, Joseph (2012). "Value shifts: Redefining "Leadership" a Narrative," *The Journal of Values-Based Leadership*: Vol. 5: Iss. 2, Article 2.

organization or business serves;

- Equality of all employees and opportunities for growth that lies at the heart of a learning and entrepreneur environment;

- The accommodation of differences and different points of view (unity, but not uniformity); and

- Freedom of conscience, which also acknowledges the importance of the spiritual dimension of human life as a sacred trust that cannot be violated.

Edward D. Hess and Kim S. Cameron[7] have observed, "values-based leadership is based upon honesty, respect, trust and dignity, and it regards every employee as a valued human being." These values, they say, describe the characteristics of leaders who focus on positivity and virtues to create and sustain highly successful organizations. They are referring to moral character when they say,

> *As society tries to rebound from the recent scandals involving fraud, financial improprieties, and unethical behavior among its leadership, the fundamental message of leading with values is clear: acting ethically and virtuously, and treating all stakeholders with respect and dignity, can create extraordinary outcomes without sacrificing performance and profits.*

Hess and Cameron share an inclusive perspective that offers constructive possibilities for survival and growth. They have identified moral behaviors that cross societies and sub-cultures over time. Importantly, they do not deny the immense moral confusion in contemporary life due to weakening ties with tradition and with our religious past.[8] Scott Hibbard[9] agrees that there are historic, inter-connecting moral principles shared by people East and West, North and South. He points out that it is religious faith that is enormously influential in the construction and mobilization of these "collective identities." Hibbard explains that powerful emotional forces are operating inside and outside of our economic and service oriented enterprises. These forces are often expressed in our religious faith and validate our cultural authenticity as they bind us together. These forces, like market forces, are not inanimate; rather, they are composed of numerous decisions made by real people many of whom have a fervent attachment to past habits and self-centered values. Therefore, to build unity of purpose and mission within our organizations, we have to work at it, for the moral forces that bind us can just as well separate us. And even if we clothe our corporations in the mantle of morality, writing credos and codes of ethics doesn't make it so.

The Moral Turn

Jonathan Glover reminds us that our moral history[10] is a living and growing affair involving a network of relationships embraced by the idea that human dignity and integrity defined as honesty and responsibility are as important to corporations as they are to family life and intimate friendships. Glover defends the Enlightenment hope of a

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[7] Hess, E.D. & Cameron, K.S. (2006). *Positivity, Virtue and High Performance*. Cambridge, UK: Cambridge University Press.

[8] Shapin, S. (2008). *The Scientific Life.* Chicago: University of Chicago Press.

[9] Hibbard, S. (2010). *Religious Politics and Secular States: Egypt, India, and the United States.* Baltimore: Johns Hopkins University Press.

[10] Glover, J. (2001). *Humanity: A Moral History of the Twentieth Century*. New Haven, CN: Yale University Press.

world that is more peaceful and more humane, the hope that by understanding more about ourselves we can do something to create a world with less misery. And even though he defends this view, he argues that we should replace the thin psychology of the Enlightenment and its preference for a secular view with something more substantial, complex, and closer to the reality in which we all live.

This is our goal as well as we are perhaps witnessing a "moral turn" in corporate culture due to the emphasis on values-based leadership. Inside and outside the corporate community, we discover that our *moral relationship-highways* are the means by which we transfer value, meaning, and quality services and products from management to employees and from the enterprise itself to its contractors, vendors, and customers. Although our mission will sometimes change due to a changing economic environment, our purpose as an organization, steeped in moral values, will bring corporate stability out of these complexities. Our moral motivations and actions will indeed make the workplace more humane. And if we are a little squeamish about introducing ethics or civility into the workplace, we should remember the words of John Kennedy on the day of his inauguration: "So let us begin anew — remembering on both sides that civility is not a sign of weakness, and sincerity is always subject to proof. Let us never negotiate out of fear. But let us never fear to negotiate."[11]

This comment demonstrated to the American people that Kennedy was about stability of purpose, but included both civility and strength in that purpose. Stability of purpose steeped in a commitment to human dignity and integrity and to search out and identify the moral practices with which we identify requires both patience and insight. Thus, stability of purpose becomes a reliable platform for launching creativity and innovation. We agree with the Reverend Andy Stanley of North Point Church in Atlanta who said, "Decisions don't determine outcomes; the beliefs that drive the decisions determine outcomes. To change outcomes you must change the way you think." And we believe that this is what proponents of values-based leadership are asking — that we change our thinking and build into our business plans a cultural plan that includes moral principles.

We often blind ourselves to the occurrence of a shift in our thinking, especially if it happens after we have made a command decision and acted upon it. Darrell Young tells his students that it took some time in his business wanderings to discover what "value" means in "values-based leadership." He now understands that leaders cannot be seduced into oversimplifying complex issues so that there are only two alternatives, or even less. Those who are impatient, who are looking for a quick fix and who are in a hurry to display their values as some kind of corporate icon, often overlook the very thing they are searching for. Consider the case of IBM as explained by its president, Samuel J. Palmisano:[12]

> *We've been spending a great deal of time thinking, debating and determining the fundamentals of this company. It has been important to do so. When IBMers have been crystal clear and united about our strategies and purpose, it's amazing what we've been able to create and accomplish. When we've been uncertain, conflicted or hesitant, we've squandered opportunities and even made blunders that would have*

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[11] Kennedy, J. (1961). Inauguration Day Speech of John F. Kennedy, January 20, 1961.
[12] Samuel J. Palmisano Chairman, President and Chief Executive Officer IBM. http://www.ibm.com/ibm/values/us/.

sunk smaller companies. It may not surprise you, then, that last year we examined IBM's core values for the first time since the company's founding. In this time of great change, we needed to affirm IBM's reason for being, what sets the company apart and what should drive our actions as individual IBMers. Importantly, we needed to find a way to engage everyone in the company and get them to speak up on these important issues. Given the realities of a smart, global, independent[ly]-minded, 21st-century workforce like ours, I don't believe something as vital and personal as values could be dictated from the top….In the end, IBMers determined that our actions will be driven by these values:

- *Dedication to every client's success*
- *Innovation that matters, for our company and for the world*
- *Trust and personal responsibility in all relationships*

…Clearly, leading by values is very different from some kinds of leadership demonstrated in the past by business. It is empowering, and I think that's much healthier. Rather than burden our people with excessive controls, we are trusting them to make decisions and to act based on values – values they themselves shaped.

To me, it's also just common sense. In today's world, where everyone is so interconnected and interdependent, it is simply essential that we work for each other's success. If we're going to solve the biggest, thorniest and most widespread problems in business and society, we have to innovate in ways that truly matter. And we have to do all this by taking personal responsibility for all of our relationships — with clients, colleagues, partners, investors and the public at large. This is IBM's mission as an enterprise, and a goal toward which we hope to work with many others, in our industry and beyond.

Actually, Palmisano has gone beyond ordinary common sense to a wiser, more universal view. When we fail to talk about, discuss, and even debate among ourselves the values that define our business culture, our unconscious motives keep us bound to the past and to values that have lost their usefulness; we cannot think about them for the simple reason that *we are thinking with them*. What is beneath the surface does not need to remain so and we have the ability to expand our awareness of the value forces that can change our culture. We can either view leadership and values in such a way to fit it into our standard habits and routines so that a single view or expectation completely dominates our minds and emotions and distorts all else, or we can loosen the chains that bind us and seek a more inclusive view.

Leadership Complexities

Clearly, the comments above reveal the complexity of values-based leadership. This complexity is revealed in the global economy that today dominates business and industry in every expanding country and the highly competitive business environment that has become a natural part of our world. It is also revealed when we entangle values and ethics within the business culture. Within these complexities, leadership becomes even more convoluted when organizations and companies fail to identify their core beliefs and values, which in turn, define their purpose and mission. When organizational culture is ill-defined or is not values-based, organizational mission is beset with ambiguity and

inconsistent results. This was discovered in a study of "mentoring"[13] by Hester and Setzer. They observed, "The *leader as mentor*, no matter what the level within the organization, is charged with contributing to creative achievement. The mentor-protégé relationship, without the support of the culture of which it is a part, hangs on the slender thread of personal relationships and individual commitment only. Mentoring, to be affective, must be an important part of organizational culture." Identifying the conditions or culture in which mentoring takes place is a vital component of business operations. Higgins and Kram comment:

... [T]hese conditions include: (a) the mentor's place within the organization hierarchy, (b) supervisory versus nonsupervisory mentoring, (c) inside versus outside mentoring, and (d) the level of intimacy between the mentor and protégé. These are cultural conditions which imply that the attitudes, work ethic, and ethical behaviors of both mentor and protégé are preconditions for these relationships to work smoothly.[14]

Nick Anderson[15] remarks,

Everyone faces complexity driven by uncertainty and accelerating change. It is the New Normal making leadership more demanding and in demand. Accelerating Complexity places extreme demands on leaders. The leader's ability to relate, energize, and develop their followers is critical to empower them to act without direction. It's a competitive imperative and requires a new balance of more effective and affective leadership. It's the ability to produce results by being affective. That ability to influence people, in the way they think, feel and act is now paramount.

Anderson's view is that leaders need to lead <u>transformationally</u>. He points out that leaders (CEOs especially) are confronted with massive shifts caused by:

- *New government regulations;*
- *Increased information management;*
- *Changes in global economic power centers;*
- *Accelerated industry transformation;* and
- *Rapidly evolving customer preferences.*

Traditional methods of management are no longer sufficient to confront what is today a given for doing business globally. Managing complexity is demonstrated by a new study from KPMG International, a global network of professional firms providing audit, advisory, and tax services.[16] Their findings expose the complexity of business as a real and serious issue for senior decision makers, and a primary source of additional risk as well as cost and management challenges. But KPMG International says that these

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[13] Hester, J. P. and Setzer, R. (2013). "Mentoring: Adding Value to Organizational Culture," *The Journal of Values-Based Leadership*: Vol. 6: Iss. 1, Article 4.

[14] Higgins, M. C. and Kram, K. E. (2001). "Reconceptualizing Mentoring at Wwork: A Developmental Network Perspective." *Academy of Management Review,* Vol. 26. No. 2. 264-288.

[15] Anderson, N. (2009). *The Crispian Advantage.* http://thecrispianadvantage.com/2011/02/20/complexity-the-%E2%80%9C new -normal%E2%80%9D-aligning-leaders-for-a-complex-world/.

[16] KMPG International. http://www.kpmg.com/eu/en/issuesandinsights/articlespublications/pages/confronting-complexity-busines s-globally-taking-on-challenges-opportunities.aspx.

leadership complexities also represent opportunities. The firm surveyed 1400 corporate decision makers across 22 countries and discovered the following:

- *94% agreed that managing complexity is important to company success;*
- *70% agreed that increasing complexity is one of the biggest challenges their company faces; and*
- *Trying to manage complexity has had mixed success with only 40% of senior executives rating themselves as "very effective."*

Among those surveyed, 74% of KMPG respondents saw opportunity in complexity. Opportunity included the following:

- *Gaining a competitive advantage;*
- *Creating better strategies;*
- *Developing new markets;*
- *Driving efficiency;*
- *Bringing in new products;* and
- *Driving new approaches to HR, geographic expansion, mergers/acquisitions and outsourcing.*

Nick Anderson also discovered that CEOs see innovation's (entrepreneurship) importance rising to overcome complexities by instilling *creativity* throughout their organization. They suggested that leaders must become more creative and instill creative thinking throughout their companies. According to Anderson, they need to:

- *Be more comfortable with ambiguity and experiment with new business models to realize their strategies;*
- *Invite disruptive innovation and take balanced risk;*
- *Consider changing their enterprise drastically to enable innovation;* and
- *Engage their teams to be courageous enough to alter their status quo.*

Anderson concludes,

> *The problem is that time to create the future is compressed. Only wisdom deals with the future. But achieving wisdom isn't easy. For people to acquire wisdom they must transition through data, then information, then knowledge to get to wisdom — "evaluated understanding." Let me explain, <u>Wisdom</u> is understanding where none has existed before. Unlike data, information and knowledge, it asks questions which have no known answer. Wisdom is a human state informed by technology not replaced by it and enabled by future perfect and future worse-case thinking. The challenge is leading people through transitions of understanding data, to information, to knowledge, and finally to wisdom — fast enough to be useful.*

This means that leaders need to create *learning organizations* that acquire wisdom fast enough to thrive in rapid change by:

(1) *Creating cultures that support ongoing employee learning, critical thinking, and risk taking with new ideas;*

(2) *Allowing mistakes and valuing employee contributions;*

(3) *Learning by experience and experiment;* and

(4) *Dispersing newly-gained wisdom through the organization and embedding it into the day-to-day.*

Margaret Wheatley[17] addresses the complexities of leadership in terms of the transition from *heroic leadership* to leadership as a *hosting* activity. She points out that heroic leadership relies on the assumption that someone can be in control, which is impossible in this age of inter-connectedness. No one person can offer solutions to every problem and control the environment through their implementation. She also suggests that leadership is more about inviting in and "hosting" people who can help solve the challenges we face. In her analysis, Wheatley comments, "Leaders-as-hosts invest in meaningful conversations among people from many parts of the system as the most productive way to engender new insights and possibilities for action." Thus, we can ask, "From a leadership development perspective, should we think about whether we are attempting to be the stereotypical charismatic leader, the person with all the answers, or indeed the person who is engaging in meaningful conversations to deliver substantive change?"

The complexities of values-based leadership are also demonstrated in the dual imperatives of the global economy and the emergence of an enterprise ethic. These two forces have placed heretofore unknown demands on organizations. Dan Sweeney, Director of the Institute for Enterprise Ethics at the University of Denver, recently addressed the question of why many corporations break down, in particular, what happened at BP.[18] He said,

> *There is often a wide divide between what is said in the boardroom, or the C-suite, and what actually goes on in the front lines of an organization. As I understand the BP situation, the company always had something of a wildcat or cowboy culture. They were known as being the company that went after the hardest-to-get oil and were proud of their adventuresome spirit, the tough work they did, and the results they accomplished, especially given the risks they incurred.*

> *I suspect, when they made the bold pronouncements about sustainability and corporate responsibility, it didn't wind its way down onto the drilling platform. I think it probably came in a couple of memos, and that was about it. I think that, while the professed culture around the board room and the C-suite may have changed, and certainly the professed culture in front of the press changed, I suspect the culture on the drilling rigs and in the layers of management right above the rigs didn't change much. So, either the new message didn't get there, or it got there, but the old habits were so strong and so engrained that they didn't change.*

> *I would also suspect that their incentive programs didn't change either. If the workers on a drilling platform were incented on cost controls and the time it takes to get the oil out of the ground, those incentives stayed.*

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[17] Wheatley, M. & Debbie Frieze (Winter 2011). "Leadership in the age of complexity: From hero to host," *Resurgence Magazine*.

[18] Sweeney, D. Triple Crown Leadership (2012) http://triplecrownleadership.com/interview-with-dr-dan-sweeney/.

The wildcat culture, which was part of BP for so long, just was so entrenched that it wasn't going to change very quickly unless there was a major effort by senior executives, and it doesn't seem like there was. It was more of a token, surface gesture.

Addressing the "ethical credo" culture, Sweeney commented about the case of Johnson & Johnson and the Tylenol recall back in the 1980s and that company's resultant commitment to its ethical credo:

The values that guide our decision making are spelled out in Our Credo. Put simply, Our Credo challenges us to put the needs and well-being of the people we serve first….My suspicion is that the Credo culture didn't get moved across new generations of executives. It appears that the Credo culture withered, not away, but it lost its strength as the guiding principle in the organization. At some point, some executive team didn't give it the importance that previous executives had.

I think that corporate cultures, unless they're cultivated, maintained, fed, and reinforced, will change with the times and the people. It requires a strong effort to maintain a culture, especially in the face of economic and social trends that are contrary to it. My suspicion is that, as new people came into that business, people who weren't weaned and raised on this Credo culture that it just didn't have the power for them that it did for previous generations.

Also, I think that this was a period of extraordinary pressure on earnings and growth, and some of the aspects of the Credo culture may have been an inhibiting factor on achieving those goals. It appears that there was no trans-generational learning among these executive teams. You see that in a number of companies where lessons are learned by some, but not passed on.

Method or Substance

Economist Milton Friedman[19] writes that for corporate executives "responsibility… generally will be to make as much money as possible while conforming to their basic rules of the society, both those embodied in law and those embodied in ethical custom." He also commented, "The only entities who can have responsibilities are individuals … A business cannot have responsibilities. So the question is do corporate executives, provided they stay within the law, have responsibilities in their business activities other than to make as much money for their stockholders as possible? And my answer to that is, no, they do not."

Disagreeing with Friedman's final answer, we would add that there are moral considerations in addition to following legal prescriptions and one cannot appeal only to the vague idea of "ethical custom." These moral considerations obligate organizations and businesses to their employees and to their customers. They are embodied in the idea of "values-based leadership" and are the responsibility of not only individuals, but of corporations as moral agents.[20] And yet, if network structures are or have hastened the

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[19] Friedman, Milton (2011). "The Social Responsibility of Business is to Increase its Profits." *The New York Times Magazine*: http://www-rohan.sdsu.edu/faculty/dunnweb/rprnts.friedman.html.

[20] Hester, J. and Killian, D. (2011) Op cit. (A moral agent is a being that is "capable of acting with reference to right and wrong," and can be held responsible for behavior or decisions. "It is moral agents who have rights and responsibilities, because it is moral agents whom we take to have choices and the power to choose." If you do not believe that anything

end of moral authenticity within organizational life, forestalling the emergence of the artificial (corporate) person as a moral entity, and if professionalism, command and control, the belief in method – controlled rationality – teamwork, and efficiency are the hallmarks of the modern leader, entrepreneur, or professional manager, then what place is left for the idea of ethical or values-based leadership or vision? As Paul Leinberger and Bruce Tucker have observed, "In the world of the modern organization inhabited by the organizational man and his immediate successors, everything was method masquerading as substance."[21]

Twenty-three years ago, William H. Whyte, Jr.'s prophecy of a nation of organization men had come to pass.[22] The American CEO was usually a man – a white man. He was a manager first who was a good controller, not an owner He was a company man, not an entrepreneur. And he had learned to play the corporate game. Although this description of corporate reality is too narrow and time-bound, it has not gone willingly into the night. In 1989, thirty-three years after the publication of Whyte's book, *U.S. News & World Report* declared in a cover story: "Reports of the death of the organization man are premature." Its survey of middle-level executives concluded, "Just as such large companies still dominate the American landscape, it is the mostly anonymous people in their middle ranks who remain the willing cogs that make the engines run." The authors of this study found strong evidence that the organization man's way of seeing the world endured.[23]

But under the influence of the organization man, America's economy has gone into a free-fall. It is now recognized that leadership is not privileged to just top executives, but it is clear that professional management with its command-and-control mentality lies at the heart of economic difficulties. The social ethic of the organization man turned business leadership into financial strategy and the consequences have been ugly. The organization man's dominant value, other than the profit motive, was his faith in his ability to rationalize and measure everything. The following motto made this very clear: "If you can't measure it, it isn't worth talking about." This meant overlooking those other important organizational qualities — the quality of relationships, of service to others, producing quality products, and providing quality services. In short, these complexities of leadership came about because "means and ends" became confused. As Leinberger and Tucker, commenting about the organizational man culture, said, "Short-term methods of correlating prediction with performance became more important than having a clear vision of the future." And we would add a vision guided by values steeped in ethical beliefs.

As the complexities of leadership in the second half of the 20th century began to unfold, we began to understand leadership as involving meaningful choices and making meaningful connections. Building and sustaining relationships lay at the heart of his understanding. Robert Greenleaf[24] reminded us that leadership was not only about

or anyone should ever be blamed or deemed responsible, then you are going against the idea of moral agency, and denying the concept of responsibilities and rights. *Ethics in PR*; http://ethicsinpr.wikispaces.com/Moral+agent?responseToken=079cef0da23a5da1_674816c0cb78e3fa9).

[21] Leinberger, P. and Bruce Tucker (1991). *The New Individualist.* New York: Harper.
[22] Whyte, A. (1956). *The Organization Man.* New York: Simon & Schuster.
[23] Buckley, J. (1/16/89). "The New Organization Man." *U.S. News & World Report.*
[24] Greenleaf R. K. (1970) *Op cit.*

choice or relationships; it was about service to others and serving an end – a purpose – beyond itself.

In the 1960s, Robert Greenleaf brought forth the idea of "servant leadership" and the concept of the values-based leader began to spread through the writings of Warren Bennis and others like him. This kind of leadership was one in which a leader brings out the best in others; it did not mean manipulating employees and giving lip service to glittering generalities like "respect for the individual." It meant fundamentally, to live your own narrative; leave room for others' narratives of professional growth, challenge, recognition, and try to orchestrate all these competing narratives into a mutually satisfactory web of relationships for as long as it can be sustained. More and more today, we all are beginning to understand that we all exist in relationships with others, and that relationships are fundamental to what it means to be human, but not only human, to what it means to be a leader of others. Leadership is indeed in need of a meaning which it can't furnish by itself – it is defined in relationships and in service to others.

Moral Commitment: A Connective Tissue

We live in a pluralistic world. Here values and how one defines a successful life are multiple and compete with one another. We understand that the interpretation of what constitutes a moral life and moral duty will differ from person to person. This is why our discussions must remain fluid and open, from day to day and year to year. We can be certain of this: our moral duty is the *connective tissue* between our commitments and our actions. Persons, whose behaviors do not correspond to their moral obligations, and core values, are in peril of violating their sense of moral integrity. So what we believe about ourselves and others; what we value in human life; our idea of personal character and integrity; and our friendships and associational relationships will be the sustaining glue that forms the foundation of an organization or business that is values-based. In giving birth to values-based leadership, we are participating in a change project. We are laying plans for creating a new reality for ourselves and for those who choose to work with us; for those whom we also serve. In fact, we are choosing to expand the horizon of "what is" and offer to our inside and outside customers "what can be." Our role is that of creating new possibilities.

There are six building blocks for constructing an ethical foundation in organizations. These six building blocks will support leadership and employee development as they increase their own positive, ethical dispositions and behaviors. These building blocks are the internal workings of a company or of any organization that is committed to values-based foundation building. They are the inner-workings, the engine and gears, supportive of an emerging values-based culture.

1) Collaborative Thinking

Collaborative thinking is a way of widening our vision and helping employees understand the importance of treating their fellow workers with respect, honesty, and trust. Leaders can assist employees resolve conflicts and make good choices, but this will require commitment, patience, and dialogue. Collaborative thinking will help all employees prioritize and organize their goals and provide options for growth and development.

2) Commitment to Mastery

Leaders and employees need to understand that mastery doesn't mean dominance. Rather, it means proficiency. All employees, from the top to the bottom, should be given an opportunity to master certain skills; be encouraged to clarify and deepen their commitments, and focus their energies on the creative application of their talents. Personal commitment at all levels needs to be encouraged, especially commitment to the ethical treatment of others.

3) Cleansing Our Windows

No doubt all of us rely on important events, people, and institutions to guide our behavior. These influences are often deeply embedded. They could include religious commitment or commitment to a particular set of traditions or values. They function to identify our most deeply ingrained beliefs and influence how we behave and how we understand our world. It is through these windows that we are able to enlarge our sympathies to encompass tolerance and diversity. But if we live in a values diminished world, we are more often than not left "windowless." So, it goes without saying that our windows need cleaning now and then. An honest and open discussion of our personal beliefs and our company's values will aid in this process. Open dialogue will enlarge our vision and purpose and clarify our mission.

4) Sharing a Vision

Leaders who sustain a measure of influence and stability in their companies are those who share a common mission and deeply held values with their employees. Leaders need to be open and positive, and share a larger and more comprehensive vision of the future with employees and customers. They need not only to respond to the challenges life imposes on them, but impose their values and vision on the challenges they face with sustained dialogue founded on trust and cooperation, and on the belief that the lives of all whom they touch are of utmost value.

5) Learning Together

Many employees will have difficulty understanding the value issues placed before them. The 21st century has been a "values-confused" period of time. Absolutism has been left behind and leaders must learn to negotiate the troubled waters of values...one instance, one person, one troubled compromise at a time. Thus, shared learning is perhaps more important today than ever before. Shared learning begins in nonjudgmental dialogue and results in a genuine pattern of thinking together. This is why discussions of beliefs and values are important; they are the substance of "purpose" and direct the mission of the organization or company being led.

6) Self-Control

Building a company or an organization on a foundation of ethical values requires self-control. This means discipline – discipline of self and of employees if need be. It also means living by values consistently and handling problems efficiently and effectively. Those who are adept at solving problems and make the "right" decisions most of the time will also be defined as "persons of self-control." This quality is also a great teacher as others within the organization will learn from the leader's model.

Components of an Integrated Values-Based Template
Vision Statement:

A vision statement is a clear mental picture of what could be fueled by the conviction that it should be. It should be realistic, creditable, attractive, and better than what presently exists — that is, it promises to produce more usable results. Notably, in this template, we discuss vision last, but admit that most companies and organizations have an ongoing vision of what they want it to become.

Decisions in any organization depend upon a prior vision of what constitutes that organization, and what purposes it should be pursuing. But "vision" has a double meaning: first, it denotes a clear view of reality, a taking stock of what really is, which provides a sound basis for a company's actions. Second, "vision" is not only about what is, but about what could be. Indeed, vision is about seeing into the future.

Warren Bennis[25] comments, "As a nation we cannot survive without virtue; it cannot progress without a common vision." Taking stock of Bennis's comment, the internal culture of a values-based organization has the responsibility of seeking a COMMON vision. This seeking begins with the beliefs and values of the individuals who make up the company, from the top to the bottom. This will be a shared vision supported by shared beliefs and values. A vision statement should be part of the assessment process — a gut check so to speak — of what was once thought and what now is.

Beliefs:

Leadership that is value based is not some abstract category. Any organization or business is made up of people, and it is people who are the subject of its vision. It is people who build collective loyalties and amenable ties, who share the work and fulfill the company's mission. Without the commitment of employees, managers, entrepreneurs, and executive leaders, the internal culture of the organization will be beset with disharmony and shoddy work. The beliefs of the people who work in a company are an essential part of its cultural foundation. Beliefs literally create our reality for they are a state of mind in which trust and confidence are placed in some person, some thing, or some being. They are attitudes that shape and influence our actions.

Values:

Understandably, beliefs have critical and transformational power. Beliefs about people, work, the mission of the organization, and the quality of services and products the company provides form the ethical connections of the company; it translates the work of the company concretely into daily practice. The beliefs employees hold in common are the foundation of their values.

Values are the qualities and moral fiber by which we are known; the means by which we make decisions, evaluate successes, and learn from failures. Values identify our character for they actually are our prioritized beliefs. The values of the organization also identify its commitment to caring, discipline, craftsmanship, authority, and to the unified vision of the company.

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[25] Bennis, W. (1989). *On Becoming a Leader.* New York: Addison & Wesley.

Purpose:

From the values of an organization derives purpose. Never confuse purpose with mission. Purpose determines and drives the mission of organizations. Purpose defines who we are; mission defines the strategies for actualizing our purpose. Purpose is built from our prioritized set of values and beliefs; it is a definition of the self but it is larger than self in that it encompasses the future with a desire to change it for the better. Thus purpose has both a descriptive and normative dimension. The descriptive looks at how the organization functions; the normative, how it ought to function.

Mission Statement:

Simply put, a mission statement is a sentence describing a company's function, markets, and competitive advantages; a short written statement of its business goals and philosophies. A mission statement defines what an organization is, why it exists, and its reason for being. At a minimum, a mission statement should identify an organization or company's products and services. It is about value propositions; how we create value.

Measurements:

Here is where the internal (values-based) culture of a company overlaps its external culture (market analysis, organization and management, marketing and sales management, service or product line, funding, and financial projections). Measurement will include the following:

- **Service** – which is the method the company delivers its product;
- **Stewardship** – which assesses the discipline of the company to fulfill its purpose and mission; and
- **Innovation** – which is the method the company grows itself. Thus, we ask, are we growing as a company and as a people? (Young & Hester, 2004, p.121)

Capabilities Template

The following **Capabilities Template** provides a company or an organization a plan for implementing and evaluating a values-based culture, both for its inside customers (employees) and outside customers (vendors, contractors, etc. and those who buy its products or acquire it services). This plan is sufficiently general to be adopted by any company or organization. It includes the basic commitments and components discussed previously.

BELIEFS

Building the internal organizational or business culture begins with identifying basic beliefs about people, about the organization, and about the culture you wish to create. This, perhaps, starts with the vision of the one or ones who started the business, and we will use VISION as one of the measurement tools later on. These beliefs need to be identified and prioritized for they comprise the foundation of organizational values.

BELIEFS

Whatever we do, we begin with certain beliefs about ourselves, other people, and the way we behave in the world, and the purpose of our work. These beliefs should share an ethical perspective – one committed to servant leadership.

STEP #1

Begin by listing five beliefs that guide your life and what you think should guide your company or organization. These may be about yourself, others, your faith, and/or your work.

STEP #2

The next step is to compare and contrast your beliefs with others in your organization. Talk about these in small groups. Reach agreement on those beliefs that can be the foundation for building a values-based organizational culture.

Example:

1. We believe that people are the organization's (company, department) most important resources.
2. We believe that building positive relationships throughout the company or organization will increase efficiency, productivity, and unity of purpose and mission.

VALUES

Once personal beliefs have been identified, shared, and then combined, these beliefs become the foundation of the organization's cultural identify. Now is the time to identify the ethical values that these beliefs support. These values will determine the purpose and mission of the organization.

VALUES

Values are traits or qualities we think are worthwhile. They represent our highest priorities and deeply held driving forces. They are based on our beliefs. Organizational or business culture is built on a foundation of shared values.

STEP #3

For each prioritized **belief** in **Activity #2** above, create a representative value that describes how your organization will treat its customers, suppliers, and internal community.

STEP #4

To help you understand the values which you have listed, define each value using three other value words For example:

Integrity: Trustworthy, Honest, Responsible

Example:

1. We value unity of purpose translated as a working harmony for its value in increasing work efficiency, quality, and productivity.
2. Commitment to employees and customers in terms of costs, benefits, quality, and services.
3. Accountability to employees and customers in terms of costs, benefits, quality, and services.

PURPOSE

A purpose statement is created from the beliefs and values of an organization. A leader's responsibility is to articulate organizational beliefs and values and hence, purpose, to employees and outside customers.

PURPOSE STATEMENT

A Statement of Purpose is the *foundation of your organization's vision.* You should understand that a purpose statement is about what the organization wants to become.

PURPOSE answers the question **WHY.**

STEP #5

Thoroughly review **Activities #1-#2**.

From this review you should be able to formulate a high level outline that focuses on long-term thinking and evaluation of who you are and are striving to become as a company or organization.

STEP #6

From your outline, write your purpose statement.

Remember: your purpose statement explains why you do what you do. It is rooted in your values and is foundational to your vision. Your purpose statement should give you a glimpse or a preliminary vision of what you want your organization to become.

Example: Our purposes include:
- Commitment to work/performance improvement throughout the company.
- A concerted dedication to leadership improvement.
- Organizational improvement.
- Advancing a learning environment that improves both people and organizations.
- Focusing on developing and maintaining a values-based culture.

MISSION

A mission statement is a reflection of the company's values-based culture (beliefs, values, and purpose). It not only tells what the company does, but why and or how it does it.

MISSION STATEMENT

Mission is a *precise* description of what an organization does. It is executional and provides the **HOWS** of the business plan.

- It describes the business the organization is in.
- It is concerned with products and services and why we get paid.
- It provides the framework or context within which the company's strategies are formulated, including the personnel to carry out the organization's goals.

STEP #7

Working together, the leaders of the organization will write a precise mission statement that...

- Describes the business of the organization.
- Defines the skills and talents needed for success.
- Defines the internal focus, the external awareness, and the value proposition we provide our customers.

Our Mission is...
1. To express our purpose consistently and with clarity.
2. To write a mission statement that reflects our goals – either making a profit or delivering quality services or both – and is in line with our purpose (beliefs and values)

VISION

Most companies/organizations begin with a vision of what it wants to be. A vision statement needs to be revisited against the beliefs, values, purpose, and mission of the organization from time to time and perhaps rewritten. It can be an excellent tool for evaluating the effectiveness and consistency of the organization's mission.

VISION

The company's vision supports its beliefs, values, purpose, and mission. The vision should resonate within the organization and help each employee feel proud, excited, and part of something much bigger than any single individual.

Vision should stretch the organization's capabilities and image of itself. It gives shape and direction to the organization's future.

Vision is an architectural rendering of what the company's future will look like.

STEP #8

Review the **Purpose** of your organization.

Review the **Mission** of your organization.

These two should be consistent with each other.

Note: Your vision is your company's or organization's destination that should describe circumstances that are qualitatively better than what now exist.

Your vision is a tool for measuring the growth and quality of your organizational culture and productivity.

STEP #9

- Individually, write out a vision of what you wish your company or organization to become.
- Working in small groups, share your vision statement and together agree on a "shared vision statement."
- Share these small group visions with the entire class and work until an agreement can be reached on a unified and shared vision statement.

PERFORMANCE PLAN & STRATEGIES – TYING IT ALL TOGETHER

Strategies are the broadly defined four or five key approaches the organization will use to build its internal culture consistent with its vision and supportive of its mission and performance.

STRATEGIES OUTLINE

Executive Overview:

Brief history of the company; Brief business description and differentiators; Major goals and objectives; Major strategies and industry knowns; Most significant potential opportunities; Most significant potential risks; Key success factors.

Connections with Internal Culture:

Connections with vision, purpose, & mission; Organizational structure; Organizational strengths and weaknesses; Systems.

Connections with External Environment:

Market size and opportunities; Competition and related risks; Regulations that affect the company; Business solutions, services, and products offered to the marketplace.

Financial Considerations:

Financial sources; Major strategies, tactics, and plans to accomplish stated operational and financial goals; Key operational and financial success factors; Financial highlights; Financial statements:

Statements of operations • Balance sheets • Statements of member's investments • Statement of cash flow

MEASUREMENTS

Measuring the success of any business or organization joins two core strategies: (1) linking internal customer satisfaction with (2) external customer satisfaction. Ultimately, this means living up to customer perceptions and performing relative to expectations in areas of service, product, crises, complaints, delivery, costs, and effectiveness.

MEASUREMENT CRITERIA:

1. Leadership
2. Internal Service Quality/Employee Value
3. Internal Customer Satisfaction
4. Internal Customer Loyalty
5. External Service Quality/ Customer Value
6. External Customer Satisfaction
7. External Customer Loyalty
8. Revenue Growth/Profit

Conclusion

The values-based capability template developed above is an instrument that connects a leadership's internal culture with its performance culture, including developing products and services, sales and logistics. This capability template can also become the foundation of a workshop for employees. It will begin with such fundamental areas as beliefs, values, and purpose. It also challenges employers to rethink each of these through the lens of their employees?, products?, and service assessments. A values-based organization will be guided by its core beliefs, commitments, and values which will include such ethical ideals as fair-mindedness, responsibility, integrity, and honesty. Together, these make up much of our morality and should guide our ethical behaviors.

The purpose in this template is to help us define the *MISSION* of an organization or business. This will not be an easy task, but it is one that precedes the pragmatic function of establishing any values-based program that can be sustained with effectiveness. As we know, the mission of such a project is in part controlled by our *VISION* and part by our employees and customers buying into both our vision and mission. Thus, a discussion of creating and sustaining a leadership culture will begin and end by creating a vision that links purpose to mission, which means with the individuals and customers that will sustain its operation now and into the future. Our vision will help us get a glimpse of the future. It is created with the understanding that we are growing and that growth implies change. Change is our constant ally as Victor Frankel said,[26] "Where we have a vision of where we wish to lead and the kind of organization we wish to create, then we act in ways that we believe are in pursuit of creating that future."

As a reminder, vision, belief, values, and purpose are difficult in practice to separate. We do that here for purposes of discussion and to get our thinking moving about values-based leadership development. We should be careful how and what we think as leaders, for the reality of leadership is that it is about unity, change, transformation, relationships,

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[26] Frankel, V. (2006). *Man's Search for Meaning*. New York: Beacon Press.

and performance. These words and behaviors bundle our responsibilities, but we need to separate them and discuss them individually and explore their interconnections. We value what we live in the everyday life of our organizations. Our behaviors define our commitments to:

- **Strategic Thinking —** Building unity within the center without requiring uniformity — not that everyone give up their individuality but commit themselves to working for the good of the collective itself.

- **Continuous Improvement —** Understanding that leadership is a transformational process of continuous self– and organizational-improvement. The key to leadership development is continuous learning and hopefully we can challenge those whom the center ultimately serves to become learners for life.

- **Building Relationships —** A vital part of this process will be leaders cultivating leaders. Without growth, leadership — at any level — cannot be sustained.

We began with a quote from Stuart Levine & Associates.[27] We end with that same quote for we believe it essential to the task of building and sustaining a values-based culture:

> *"The development of leadership capacity within an organization is not random. It happens by design. Building an innovative culture and recruiting talent that understands innovation and the importance of continuing to learn is critical."*

About the Authors

H. Darrell Young spent most of his 40+ year career in healthcare information systems (HIS) where he became President and CEO of two HIS public companies and one privately-owned company. In 2000, Mr. Young founded Transformance Concepts, a consulting company where his primary focus was on acquisitions, due diligence, fundraising, and strategic planning for HIS companies. In addition, Mr. Young co-authored two books on leadership development: *Leadership Under Construction*, which was published in 2004, and *Creating Pathways for Leadership Development*, which was published in 2013. He serves as a Director to numerous companies in both healthcare and non-healthcare markets. Mr. Young participated in the development of the University of Georgia's (UGA) Terry College Institute for Leadership Advancement and is a

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[27] Stewart Levine & Associates LLC (12/12/2012) http://www.stuartlevine.com/.

frequent guest lecturer on the UGA campus. Mr. Young has a diverse business background including sales, operations, research, and development. His proven leadership and experience in the healthcare market and his dedication to values-based leadership position him well as a spokesperson for values-based leadership.

Joseph P. Hester, Ph.D. is a retired educator who has written widely in leadership development, education, philosophy, and religion. Among his books are: *Bridges: Building Relationships and Resolving Conflicts* (1995), New View Publishers; *Encyclopedia of Values and Ethics* (1996), American Bibliographical Center-Clio Press; *Talking It Over: A Workbook for Character Development* (2002). Scarecrow Press; *Ethical Leadership for Public School Administrators and Teachers* (2003). McFarland and Co.; *An Ethic of Hope* (2008) and *Ethical Footprints* (2009), Infinity Publications; and with H. Darrell Young (2004), two books: *Leadership under Construction*, Lanham, MD: Scarecrow Press; and *Creating Pathways for Leadership Development* (2013). Infinity Publications. Hester serves on the editorial board and is a regular contributor to the *Journal of Values-Based Leadership*. He earned the AB Degree in Social Studies (1961) from Lenoir-Rhyne University in Hickory, NC; the BD (1964) and Th.M. (1967) Degrees from Southeastern Seminary in Wake Forest, NC; the Ph.D. in Philosophy (1974) from the University of Georgia; and earned (1975-1981) certifications in education at Campbell University, Lenoir-Rhyne University, and Appalachian State University, which include: *Gifted Education*, doctoral level; *Curriculum Specialist III*, doctoral level; *Peer Mentor*, doctoral level; *Exceptional Children's Administrator*, doctoral level, and *Language Arts, Science, & Social Studies*, grades 4-8, G-level.