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## **Leadership #19: When You're at the North Star, It Is Useless as a Guide**

by

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### **Summary**

When you are directly under the North Star, it cannot tell you which way is north. Organizational values function somewhat the same way. They can powerfully guide behavior that supports organizational goals. However, when you assume that everyone already completely follows the organizational values, and therefore you (and everyone else) cease questioning where you could be operating more in concert with the values, the values no longer serve as guides.

### **Introduction**

We define a value as a guideline on behavior. A common set of values empowers an organization by giving people a decision-making guide without the necessity of telling them in detail how to act. For example, Nordstroms' value of "providing outstanding customer service"<sup>1</sup> guides thousands of workforce actions daily, each one probably unique and developed independently, but all derived from a common value. Collins and Porras, in their classic *Built to Last*, found that one of the characteristics of widely admired organizations that are premiere in their industry and have made an impact for many years is having "core values and sense of purpose beyond just making money—that guides and inspires people throughout the organization and remains relatively fixed for long periods of time."<sup>2</sup>

Values used as guidelines for action are a powerful positive force. When espoused but not properly employed, however, they can create organizational inefficiency and dysfunction.

### **Two Types of Values**

It is important for an organization to distinguish between two types of values, for they are employed completely differently.

- *Core Values* are guidelines on behavior seen as required for the organization to fulfill its Mission and Vision. For example, "respect for authority" is a core value of the US military; "safety" was seen as required for people working at 13,500 feet in an eight-story dome housing the W.M. Keck telescopes.



- *Goal Values* are guidelines on behavior seen as useful for the organization to fulfill its Mission and Vision. For example, “collaboration” might be seen as useful by a group of salespersons.

Organizations serious about their Core Values take time to ensure that everyone understands why each Core Value is required for the organization to fulfill its Mission, and the specific behavior referenced by that value. For example, the meaning of a Core Value of safety might be defined by the contents of a safety manual.

### **Violations of Values**

Repeated and knowing violations of a Core Value are grounds for separating individuals from an organization, for they are knowingly undermining the organization’s ability to achieve its fundamental reason for existence, its Mission and Vision. Therefore accusing someone of violating a Core Value—for example of operating in an unsafe manner—is a serious charge. One could expect the accused to be defensive.

Permitting someone who repeatedly violates a Core Value to remain will cause negative repercussions throughout the organization. Stakeholders will question management’s commitment to the espoused values. If the violated value is truly critical for the organization to accomplish its Mission, the violations themselves will undermine the organization.

By contrast, an effective organization constantly looks for ways to better implement its Goal Values. For example, sales department personnel might frequently examine how they could operate more collaboratively with each other and with other departments. Saying, “I think we could be more collaborative with manufacturing by inviting them to participate in our forecasting sessions” is heard as a useful contribution.

In summary, suggesting that a person is not behaving in accordance with a Core Value can lead to termination of that person. Suggesting that a person or a group is not behaving in accordance with a Goal Value can be an opportunity to improve performance.

### **Common Errors**

Here are some common errors that organizations make concerning values:

- Not Distinguishing the Two Types of Values
- Espousing Values but Not Living Them
- Assuming Everyone Is Operating in Accord with the Values



### **Not Distinguishing the Two Types of Values**

Many organizations that list espoused values do not distinguish between Core and Goal Values, which, as we have seen above, need to be treated completely differently.

One of our clients had a value of “collaboration.” However, all seven of the declared organizational values were called Core, and no Goal Values were listed. This led to everyone feeling that they had to collaborate on everything, even where collaboration was not useful. Large numbers of people were invited to every meeting, because meeting organizers didn’t want to leave anyone out for fear of being accused of not being collaborative. This led to some individuals being invited to as many as four meetings for every hour of the workday. Invitees were in a tough spot: by turning down a meeting invitation or just not showing up, they might be accused of failing to collaborate. One consequence of this dysfunctional environment was that a major portion of useful work was done after hours, when no meetings were scheduled. That in turn harmed personal lives and led to stress, burnout, and poor work quality.

A solution would have been to separate the seven values into Core (cannot be violated) and Goal (working on getting better at), and to put the collaborative value in the Goal category (where, in this case, it belonged).

### **Espousing Values but Not Living Them**

Espousing values, but not living them, endangers an organization’s success in two ways. First, violating Core Values will, by definition, jeopardize the organization’s ability to fulfill its Mission and Vision. Secondly, but no less important, an organization not sufficiently committed to its values to look for and encourage revealing where they are not being lived is perceived as lacking integrity, as saying one thing and doing another. This perception functions as a permit for such behavior throughout the organization. Lying and covering up become acceptable, with obvious negative impact on an organization’s performance.

When he was at GE, Jack Welch felt that following the espoused values was so important that he incorporated commitment to the values into annual performance evaluations. Simply producing results was not sufficient; commitment to the values was also required to stay at the company.<sup>3</sup>

It is better for management to walk an undesirable talk than to talk a desirable talk and walk an undesirable walk. In other words, consistent adherence to imperfect values is better than inconsistent (or no) adherence to perfect values. Employees need to “trust”<sup>4</sup> management. Trust is based on confidence in being able to predict management’s approach, behavior, or reaction—if not the specific outcome, at least how management will approach the problem and the process they will use to solve it.



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### **Assuming Everyone Is Operating in Accord with the Values**

Values lose their value when management stops thinking about them and assumes that everyone is operating in accordance with all the values. Values are useful guides only when repeatedly reviewed. Goal Values in particular should serve as inspirations for improvement. Assuming that everyone is already living by the Core Values and implementing the Goal Values to the max is like placing yourself directly under the North Star. You can no longer use the values, or the star, as your guide.

### **Putting This Article into Action**

For organizations without espoused values, we recommend developing a set. Generally, four or fewer Core Values will suffice, along with a similar number of Goal Values. For each Value, specify as clearly and comprehensively as you can the desired behavior and why the Value is required or useful for fulfilling your organization's Mission and Vision.

If your organization already has a set of Values, divide them into Core and Goal Values. Remember that a Core Value is believed to be required for the organization to accomplish its Mission. Because violation of a Core Value is grounds for separation, behavior in accordance with and in violation of a Core Value must be objectively and clearly defined. Core Values delineate required behavior and unacceptable behavior. Values such as "excellence," "teamwork," and "satisfaction" are difficult to define sufficiently objectively to be Core Values. Goal Values, because they indicate a desired direction for behavior rather than a limit on behavior, do not require such precise definition.

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<sup>1</sup> *The Nordstrom Way* by Robert Spector and Patrick D. McCarthy, John Wiley & Sons, Inc., New York, 1995, p. 15

<sup>2</sup> *Built to Last* by James C. Collins and Jerry I. Porras, HarperCollins, New York, 1994, p. 48.

<sup>3</sup> See chart and text about GE's Leadership Alignment Model on pp. 208-9 in the *Heart of Coaching* by Thomas G. Crane, FTA Press, San Diego, CA, 1999.

<sup>4</sup> See the article "Teams #7: What is Trust?" where we define trust as "a measure of your confidence in being able to predict the behavior of someone in a particular area." Thus, to say you trust someone regarding a particular area is to say that you have a high confidence in being able to predict their behavior in that area, independent of whether that behavior is desirable from your point of view.