



Business Core Values

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Why are the core values of a business important? Core values shape the way we make decisions that affect our customers, our suppliers, our employees and others that come into contact with our business. Core values represent the principles and beliefs that help the company to run smoothly.

I used to work for a fairly large bank. One of my assignments entailed being a training supervisor. I would take on a management trainee for a six to twelve month period and train and mentor them. In a typical year, we would hire twenty to thirty management trainees, but at the end of the year we might have less than half of that class of trainees. Why? Usually it was because of a serious clash in values.

We can test for technical skills. We can do background employment checks. But it's difficult to fathom one's take on work ethics, or accepting change, or being transparent, or being customer focused. And clashes in values, our business' core values, usually resulted in the trainee's departure.

Here's an example. Two of us setup a prototype business lending unit. We shared an office with the district manager of a cluster of branches, and his secretary. We were provided with a secretary who would provide support for our small unit.

It was clear from the very beginning that our work load would be initially light, but would build rapidly (we hoped!). So we encouraged our secretary to initially help the district manager's secretary whenever she had free time. And she did have a lot of free time. She refused to do so, stating that she was our secretary and not the district manager's secretary. Change was not something that she willingly embraced. And our unit was all about change. She didn't last very long.

Core values help companies make decisions. In example, if one of your core values is to insist on quality products, any products not meeting your standards would be automatically rejected.

Core values inform customers and prospects of how you do business. It helps to establish your business' reputation and enforces your business' identity. In today's competitive environment, it helps to be known as a company that lives by its core values.

Core values also affect our workforce. Job applicants may specifically seek you out because of your company's reputation. It's mentioned as one of the criteria that many millennials consider when searching for a potential employer. And core values also affect your ability to retain good people. Statistics tell us that people usually quit not because of money issues, but because of the



way that they had been treated. Conversely, many businesses build very loyal and effective workforces on the strength of their core values. Core values are timeless. They rarely change.

How can you decide on what your core values are? Here's a suggested process from *Jim Collins*, author of the article, *Aligning Action and Values*.

- Select five to seven people who have a basic level understanding of your core values, who are the company's high performers, and are well respected by their peers and management. Why a basic level understanding? Because your core values are already instilled in your workforce. You cannot "install" core values into people. They either have it or don't.
- Ask the group to list what they think are the core values of the organization. Then ask them the subsequent questions relating to each core value:
 - Are the core values that you hold to be fundamental regardless of whether or not people are rewarded or recognized for them?
 - If you woke up tomorrow morning with enough money to retire for the rest of your life, would you continue to hold on to these core values?
 - Can you envision these values being as valid 100 years from now as they are today?
 - Would you want the organization to continue to hold these values, even if at some point, they became a competitive disadvantage?
 - If you were to start a new organization tomorrow in a different line of work, would you build the core values into the new organization regardless of its activities?

The last three questions are very important because they help to distinguish between core values and strategies. Core values are fixed whereas strategies change all the time depending on circumstances. If the answers are yes for each of the core values, then the core values represent your organization.

Here's a list of core values that seem to be common across many organizations:

- Accountability – acknowledging and assuming responsibility for actions, products, decisions and policies. It can be applied to individuals as well as to the company itself.
- Balance – taking a proactive attitude to create and maintain a healthy work-life balance for workers.
- Commitment – committing to great products, service, and other initiatives that impact people within and outside the business.
- Community – contributing to your community, demonstrating your social responsibility.



- Diversity – embracing diversity in your community and workforce.
- Empowerment – encouraging employees to take the initiative. Adopting an error tolerant environment that empowers employees to lead and make decisions.
- Innovation – pursuing new ideas that have the potential to make positive change.
- Integrity – acting with honesty and honor without compromising the truth.
- Ownership – taking care of the company and customers as if they were your relatives or close friends.
- Safety – ensuring the health and safety of the people who work for the company.

Core values make us who we are.

What happens if an employee does not agree with your company's core values? The result is that they usually don't work well with others in your company.

What can you do about that? Talk about your core values with your work force. Make sure that they know what they are, why they are important, and how the core values affect the way the company is managed and how everyone should be treated. Set the standard and expectation.

