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Aligning Action and Values

The Forum
by Jim Collins
June 2000

Executives spend too much time drafting, wordsmithing, and redrafting vision statements, mission statements, values statements, purpose statements, aspiration statements, and so on. They spend nowhere near enough time

trying to align their organizations with the values and visions already in place.

Studying and working closely with some of the world's most visionary organizations has made it clear that they concentrate primarily on the process of alignment, not on crafting the perfect "statement." Not that it is a waste of time to think through fundamental questions like, "What are our core values? What is our fundamental reason for existence? What do we aspire to achieve and become?" Indeed, these are very important questions—questions that get at the "vision" of the organization.

Yet vision is one of the least understood-and most overused-terms in the language. Vision is simply a combination of three basic elements: (1) an organization's fundamental reason for existence beyond just making money (often called its mission or purpose), (2) its timeless unchanging core values, and (3) huge and audacious—but ultimately achievable—aspirations for its own future (I like to call these BHAGs, or Big Hairy Audacious Goals). Of these, the most important to great, enduring organizations are its core values.

Okay, all fine and good to understand the basic concept of vision. But there is a big difference between being an organization with a vision statement and becoming a truly visionary organization. The difference lies in creating alignment-alignment to preserve an organization's core values, to reinforce its purpose, and to stimulate continued progress towards its aspirations. When you have superb alignment, a visitor could drop into your organization from another planet and infer the vision without having to read it on paper.

In fact, the founders of great, enduring organizations like Hewlett-Packard, 3M, and Johnson & Johnson often did not have a vision statement when they started out. They usually began with a set of strong personal core values and a relentless drive for progress and had—most important—a remarkable ability to translate these into concrete mechanisms. 3M, for instance, has always had a sense of its core values—sponsoring innovation, protecting the creative individual, solving problems in a way that makes people's lives better. These defined the organization and gave it a soul. But what really set 3M apart was the ability of its leadership over the years to create mechanisms that bring these principles to life and translate them into action. For example, 3M allows scientists to spend 15 percent of their time working on whatever interests them, requires divisions to generate 30 percent of their revenues from new products introduced in the past four years, has an active internal venture capital fund to support promising new ventures, preserves a dual career track to encourage innovators to remain innovators rather than become managers, grants prestigious awards for innovations and entrepreneurial success, and so on. I don't even know if 3M has a formal "values statement" (if it does, we never came across it in all of our research into 3M), but because of its alignments, I know—with absolute clarity—3M's core values, as does anyone familiar with the organization and how it operates.

Creating alignment is a two-part process. The first is identifying and correcting misalignments. The second is creating new alignments, or what I call "mechanisms with teeth." I'm going to discuss the process as it applies primarily to core values, but the same basic process applies to creating alignment with purpose and BHAGs.

Identifying and correcting misalignments

Identifying misalignments means looking around the organization, talking to people, getting input, and asking, "If these are our core values and this is fundamentally why we exist, what are the obstacles that get in our way?" For instance, many organizations say they respect and trust their people to do the right thing, but they undermine that statement by doing X, Y, and Z. The misalignments exist not because the statements are false: these companies believe what they say. The misalignments occur because years of ad hoc policies and practices have become institutionalized and have obscured the firm's underlying values. For example, say an organization launches a new service without coordinating its internal processes, creating problems for customers. To make sure it doesn't happen again, managers institute a sign-off process for each new service that's introduced. The policy remains embedded in operations long after people have forgotten why it was created. At some point, people in the organization begin to grumble about the organization's elaborate sign-off process, recognizing its

inconsistency with the notion of respect and trust for the individual. The first task for leaders, then, is to create an environment and a process that enable people to safely identify and eliminate these misalignments.

I recommend working collaboratively with people throughout the organization. Ask each individual to identify something in his or her daily work that is inconsistent with the organization's core values. Randomly sort the individuals into groups of three to six and ask each group to come up with the three most significant misalignments pertaining to each core value. Let's say you had 24 people involved—four groups of six. Each of the four groups comes up with three misalignments for each core value. Lo and behold—what do you find? Typically, each group has identified the same misalignments. This process allows your organization to quickly identify—without pointing fingers—the four or five most significant misalignments. Once you've agreed the emperor has no clothes, you can begin to dress him.

Creating new alignments

It's one thing to eliminate misalignments that exist but shouldn't. It's another to create something that doesn't yet exist but ought to. Just being consistent is not enough. True alignment means being creatively compulsive. It means going over the top. Consider, for example, Granite Rock Company, a small construction-materials outfit that won the Baldrige award in 1992. The company espouses continuous improvement in customer satisfaction. They tell their customers, "If there's anything about an order you don't like, simply don't pay us for it. Deduct that amount from the invoice and send us a check for the balance." They call it shortpay; I call it a thorn in the laurel or a mechanism with teeth. While many successful organizations rest on their laurels, Granite Rock does the opposite. They devised a system that makes it difficult if not impossible to become complacent about continuously improving customer satisfaction. Would Granite Rock be inconsistent without shortpay? No, but telling customers, "If there's anything you don't like, don't pay for it," goes way beyond what other organizations normally do.

Likewise, 3M could simply say, "We don't get in the way of innovators." Fine. But that's very different from creating mechanisms—like requiring that 30 percent of revenues be generated by new products—to actually *stimulate* innovation. By instituting these reinforcement mechanisms, Granite Rock and 3M bring their values to life.

To take another example, it's easy to say, "We ought to do more training of new people when they come in the door so they'll learn our value system." But that's not creating alignment. Alignment would be to enact a process in which "Within their first 48 hours on the job all new employees will go through an eight-hour orientation process to learn what this organization is about. They'll study its history and philosophy. They'll meet with a senior executive." That's concrete and specific—two requirements of an effective alignment mechanism. It also has teeth.

Suppose one of your core values is encouraging employee participation and creativity, and therefore you want to encourage input and ideas from people throughout your organization. So you create a suggestion box. Is that alignment? Yes, it is an alignment mechanism, but to make it an *effective* mechanism, you must take the concept much further. Instead of sticking a suggestion box off by itself in some hallway, consider putting suggestion boxes in every hallway, corridor, conference room, and lunch room—anywhere people might be when they get an idea. And don't stop there. Add the commitment that every submission, anonymous or signed, will be responded to publicly within 48 hours in the form of a statement specifying what will be done and who is responsible for getting it done. And beyond that, perhaps give recognition, prizes, or bonuses for the best ideas and suggestions or even give "thanks for the input" prizes randomly to a subset of all suggestions, no matter how valuable. Now, that's alignment.

Identifying core values

In describing the alignment process, I have assumed that your organization's core values are already clearly defined—a big assumption. Let me make a few points about identifying core values, for without this stake firmly in the ground, there can be no effective alignment.

First, you cannot "set" organizational values, you can only discover them. Nor can you "install" new core values into people. Core values are not something people "buy in" to. People must be predisposed to holding them. Executives often ask me, "How do we get people to share our core values?" You don't. Instead, the task is to *find* people who are already predisposed to sharing your core values. You must attract and then retain these people and let those who aren't predisposed to sharing your core values go elsewhere.

I've never encountered an organization, even a global organization composed of people from widely diverse cultures, that could not identify a set of shared values. The key is to start with the individual and proceed to the organization. One way to identify your organization's authentic core values is to form what I call the Mars group. Imagine you've been asked to recreate the very best attributes of your organization on another planet, but you only have seats on the rocketship for five to seven people. Who would you send? They are the people who probably have a gut-level understanding of your core values, have the highest level of credibility with their peers, and demonstrate the highest levels of competence. I'll often ask a group of 50 or 60 people to nominate a Mars group of five to seven individuals. Invariably, they end up selecting a powerful, credible group that does a super job of articulating the core values precisely because they are exemplars of those values. One caveat: Top management has to be confident enough to trust the Mars group to do its work. In my experience, those executives willing to take this risk find that the group identifies organic values that the executive was tempted to impose from above. This experience in itself strengthens the manager's belief in the core nature of the values.

The Mars group should wrestle with certain basic questions: What core values do you bring to your work— values you hold to be so fundamental that you would hold them regardless of whether or not they are rewarded? How would you describe to your loved ones the core values you stand for in your work and that you hope they stand for in their working lives? If you awoke tomorrow morning with enough money to retire for the rest of your life, would you continue to hold on to these core values? And perhaps most important: 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 one or more of them became a competitive disadvantage? If you were to start a new organization tomorrow in a different line of work, what core values would you build into the new organization regardless of its activities?

The last three questions are key because they help groups make a crucial distinction: core values are timeless and do not change, while practices and strategies should be changing all the time.

Distinguishing between values, practices, and strategies

Every institution—whether for-profit or not—has to wrestle with a vexing question: What should change and what should never change? It's a matter of distinguishing timeless core values from operating practices and cultural norms. Timeless core values should never change; operating practices and cultural norms should never stop changing. A timeless core value in an academic institution, for instance, is freedom of intellectual inquiry. A practice adopted to support that core value is academic tenure. But there's a lot of evidence to suggest that the practice of tenure probably needs to be changed or discarded because it no longer serves the purposes for which it was created.

But if I suggest that academic institutions should seriously think about changing the tenure system, the average academic is likely to say, "Never! You're violating our core values." But that protest arises from a failure to distinguish between values and practices. The core value is freedom of inquiry; tenure is a practice. Frequently institutions cling doggedly to practices that are in truth nothing more than familiar habits. As a result, they fail to

change things that ought to change. And by defending outmoded practices under the banner of core values, they might actually be betraying their true core values.

Your core values and purpose, if properly conceived, remain fixed. Everything else—your practices, strategies, structures, systems, policies, and procedures—should be open for change. The confusion between timeless and temporal concepts shows up in every walk of life. On a national level, for instance, the president of the United States says, "We can't touch Medicaid in its current form because that would be inconsistent with the core values of the nation." But if you pull out the Declaration of Independence and the Gettysburg Address—the two great statements of what we stand for and why we exist—you won't see anything about Medicaid in either of them. That kind of obfuscation—intentional or not and from either side of the aisle—inhibits debate, let alone change.

How to spend your next off-site retreat

More often than not, off-site retreats for the executive team or for large numbers of managers and staff are a wasted opportunity. Yes, you need time away from the office for many reasons. But most organizations spend it the wrong way.

To stop everything while you spend days drafting and revising a "values statement" is not the most effective use of time—especially if people come back the next year and do the whole process again. Instead, get together and ask, "How are our alignments working? What progress are we making on eliminating our misalignments? Do we need to adjust what we decided to do last year?" It becomes an ongoing process. Your values are a fixed stake in the ground. You get it right once, and the rest of the work consists of tinkering with the organization.

Typically, executives devote a tiny percentage of their time and effort to gaining understanding, a tiny percentage to creating alignment, and the vast majority to documenting and writing a statement. In fact, the distribution of time and effort should be nearly the opposite (see figure below). You should spend a significant percentage of time actually trying to gain understanding, a tiny percentage documenting that understanding, and the vast majority of your time creating alignment. In short, worry about what you do as an organization, not what you say.

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