



Values Drive Performance

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One of the great challenges of business today is creating a culture that is both values-centered and performance-driven. Many executives believe they must make trade-offs between the two. I don't buy it. But doing both requires skillful leadership.

Values begin with telling the truth, internally and externally. Integrity must run deep in the fabric of the culture. Transparency is an integral part of integrity. The truth, both successes and failures, must be shared openly.

Authentic companies value the importance of stewardship to the people they serve—customers, employees, shareholders, and communities. They measure their success by the extent to which they fulfill the needs and desires of these constituencies.

Authentic companies operate in a democratic and collaborative manner. They are inclusive, welcoming talented people from diverse backgrounds and recognizing the strength and stability of differing opinions and diverse life experiences. They are characterized by a spirit of inquiry, the constant desire to fully understand the issues and to challenge people to develop their full potential—and use it on the job, every day.



The final value of the authentic company is consistency, the steadiness with which the values of integrity, stewardship, collaboration, and inquiry are practiced. Leaders emulate these values in their daily conduct of the business and in personally ensuring their implementation. Values need to be discussed often, constantly reinforced and reflected in the actions of management.

Articulating values is straightforward, but gaining alignment of all employees is more difficult. Many leaders believe all they have to do is state their values and distribute them to all employees through a code of conduct. Then they seem surprised when people's behavior does not conform to their stated values.

Inculcating values starts with the leader, who sets the standard of behavior for everyone. The leader has to work hard daily to gain alignment with the company's values, reinforcing positive actions and swiftly taking action with employees who do not emulate these values.

Deviating from your values can be costly. When the company's leaders become role models for its values, the positive impact is tremendous. The trust of the leadership is earned not just by espousing the values, but by practicing them daily. When leaders preach one thing and practice another, commitment is quickly lost and people become cynical. Without a consistently practiced set of values, employees will not trust the

company or believe in its purpose. Leaders may spend a decade in building trust and lose it all in a single act.

Values vs. Performance

Can the values-centered culture achieve peak performance? One great challenge for the values-centered culture is to produce top performance and succeed in the market against “win at any cost” competitors. Values are only one part of a culture; the other half is operating norms—how day-to-day business is conducted. Practicing solid values does not guarantee results unless a passionate commitment to performance standards is built into the norms.

The challenge we face is changing a successful culture without diminishing its positive attributes. Cultural change is never easy, and far more cultural change efforts fail than succeed. Transforming a healthy culture is even more difficult than changing an unhealthy one. Many people will not understand why change is necessary when the company has been successful. The leader has to be patient, communicative, and insist on changes at all levels, or the organization will snap back to its previous mode of operation as soon as the pressure is off. EE

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