HAPPYSANDPIT

GRIT No. 01

A HAPPY SANDPIT SANDPAPER | NO. 01

YOUR CORE VALUES ARE PROBABLY USELESS.

Why the values exercise is corporate theatre, and what actually shapes how people behave.

SANDPAPER

A little rough, but handy to have.

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ABOUT THIS SERIES

A white paper without the marketing fluff.

Let's be honest about white papers. Most of them are sales brochures that went to university. They turn up in charts and footnotes, but underneath it all they're there to sell you something, capture your email address or get you onto a call with someone whose title is "solutions consultant". Which is probably why nobody really trusts them.

SANDPAPERS are a bit different.

For a start, they're meant to be rough. Not sloppy, just not polished to within an inch of their lives. We'd rather get to the point, poke at a few assumptions and, where it's needed, sand down the bits of received wisdom that get in the way of organisations working better.

Each one tackles one big idea. It comes from what we've seen working with organisations, what we've read, and what we've occasionally learned the hard way. Usually you'll get something practical you can try, and every now and then something you'll want to argue with.

We don't have all the answers. Nobody does, whatever their LinkedIn profile says. But we'll give you something to think about, something to disagree with and, with any luck, something you can use on Monday.

A little rough, but handy to have.

THAT'S A SANDPAPER.

THE BIG IDEA

The values exercise isn't failing because organisations do it badly. It's failing because there was never much point to it in the first place.

Here's a set of corporate values. See if you can guess whose they are.

COMMUNICATION RESPECT INTEGRITY EXCELLENCE

A solid list. Nothing anybody would argue with. They could be hanging in your reception right now, next to the orchid nobody waters.

They were Enron's. They appeared in the company's 2000 annual report, which, as it turned out, was not an entirely reliable document. Before the next year was out, Enron had filed for bankruptcy and its name had become shorthand for corporate fraud.

We don't tell that story to suggest Enron collapsed because it chose the wrong words. The point is the opposite. Integrity was right there in the annual report and it made no difference whatsoever, because words on a wall were never the thing deciding how people behaved.

Patrick Lencioni opened a Harvard Business Review article with exactly this example in 2002, and described most values statements as "bland, toothless, or just plain dishonest". That was 24 years ago. Since then the posters have gone up in their millions, the values offsite has become a fixture of corporate life, and the ritual has grown steadily more elaborate. It hasn't grown any more useful.

01 The ritual

You probably know how it goes, because you've probably been to one.

The exco goes away for two days, usually somewhere with a golf course. A facilitator hands out sticky notes. Everybody writes down what they believe the company stands for, which turns out to be broadly what every other company stands for. The notes are clustered, dot-voted and argued over until five or six words survive. An agency turns them into an acronym if one can be forced. There's a launch, a video, a set of posters and, in the more enthusiastic companies, a range of mousepads, lanyards

and branded water bottles that end up at the back of the kitchen cupboard. Then everybody goes back to work and does exactly what they did before.

What makes this a ritual rather than a strategy is that nobody really expects it to change anything. It changes how the organisation describes itself. It gives HR a slide for the induction deck and gives leadership something to say at the year-end function. It looks like culture work, and looking like culture work is mostly what it's for.

Your people know this. The values poster is one of the most reliable sources of quiet comedy in any office, and the whole building is in on the joke. That's the part leadership tends to miss. A values statement that doesn't match reality isn't harmless. Every day it hangs there, contradicted by what actually happens, it teaches people that this is an organisation that says things it doesn't mean.

> **A values statement people can see is untrue doesn't just fail to build trust. It spends it.**

02 The standard rescue isn't one

When the values don't take, the consulting industry has a well-worn answer: values can't just live on the wall, they have to live in people's behaviour.

Well, yes. And weather isn't just an app on your phone; it's what happens to you when it rains. It's so obviously true that saying it out loud doesn't count as insight. Yet it has become the default advice, and it has produced a second wave of apparatus: behavioural indicators for each value, values-based competency frameworks, a values section on the performance review, values awards, and values champions in every department.

All of it rests on an assumption nobody stops to examine, which is that the words were worth rescuing in the first place. If "Respect" and "Excellence" don't tell anybody anything they didn't already know, building scaffolding around them just gives you a more expensive version

of nothing. It's a bit like painting the office walls bright pink and declaring it a happy workplace. When nobody cheers up, the answer isn't a second coat.

03 A value nobody would argue with isn't a choice

The trouble starts with what gets chosen. Take any typical values list and say the opposite of each one out loud. "We value dishonesty." "We're not really big on respect." "Mediocrity, broadly." If the opposite is absurd, the value isn't telling you anything. It's a minimum standard dressed up as a belief.

Lencioni called these permission-to-play values: the basic standards you'd expect of anyone at any decent employer. Integrity, honesty and respect sit firmly in this category. Expect them, absolutely. Part ways with people who don't meet them, absolutely. But listing them as core values is like a restaurant boasting that its kitchen is clean. Good to know. Not why anybody booked. And a restaurant that feels the need to tell you probably deserves a second look.

He also found that 55% of Fortune 100 companies claimed integrity as a core value. When more than half of the largest companies in the world claim the same value, it isn't distinguishing anybody from anybody.

A real value is a choice, and a choice means something else loses. That's why they're so rare. Choosing means saying out loud what you're prepared to give up, which is precisely what the offsite is designed to avoid. Six words everybody can agree on are six words that cost nothing, and things that cost nothing tend to be worth about that much. What you end up with isn't a set of core values. It's a list of vague preferences: things everybody would quite like and nobody has agreed to pay for.

> **"If nobody has agreed to pay for it, it isn't a core value. It's a vague preference.**

04 Your real values are already written down. Just

not on the wall.

Every organisation has values. They're just not the ones in the frame.

Edgar Schein, who did more than anyone to make sense of organisational culture, separated what an organisation espouses from the basic assumptions underneath it, which are what actually drive behaviour. The espoused part is the poster. The assumptions are recorded somewhere far more reliable: in who got promoted last year, what the bonus scheme pays for, which behaviour gets a blind eye when the person doing it hits their numbers, and what happens to the first person who chooses the right thing over the convenient one.

People read that record far more closely than they read the induction deck. If a company says it values collaboration and pays bonuses on individual targets, it values individual targets. If it talks about integrity and quietly protects the salesperson who cuts corners, it values revenue. If it celebrates innovation in the annual report and hangs the first person whose experiment fails, it values not failing. Nobody needs a memo. Everybody is keeping score.

> **Your real values aren't on the wall. They're in who got promoted last year.**

So the honest place to start isn't a blank flipchart. It's the record. What do we actually reward, tolerate and pay for? Some of that will be worth keeping. Some of it should embarrass us. Either way, it's the real culture, and no amount of laminated card is going to outvote it.

05 The examples that work aren't really values at all

Every now and then you'll find an organisation whose stated values genuinely shape behaviour. Look closely and they usually turn out to be something other than values in the poster sense.

IKEA

HOME FURNISHING, SWEDEN

One of IKEA's values is cost-consciousness. Nobody would put it on a mousepad. But IKEA exists, in its own words, so that "as many people as possible should be able to afford a beautiful and functional home", and cost-consciousness is how that actually happens. It's why the furniture comes flat-packed, why you carry it home and build it yourself, and why products are designed backwards from the price they need to sell at.

Cost-consciousness isn't an aspiration at IKEA. It's the business model, written down.

Toyota

CAR MANUFACTURING, JAPAN

The Toyota Way rests on two pillars: continuous improvement and respect for people. On the factory floor, that becomes the andon cord. Any team member who spots a problem can pull it, and if the problem can't be fixed quickly, the line stops.

Stopping a car plant is eye-wateringly expensive. Toyota gives that power to the person closest to the problem anyway, because it would rather fix a fault where it starts than ship it. That's what respect and improvement look like when they cost something.

Entelect

SOFTWARE DEVELOPMENT, SOUTH AFRICA

Entelect, a software development company, believes growth isn't optional, and backs that with a rule: every employee spends four hours a week learning and building their skills.

That's a tenth of the working week given to something that doesn't bill anybody. Which is exactly why people believe it.

What these three have in common isn't nice wording. Each one rules something out, and each one costs something. Cost-consciousness means saying no to things customers and designers might quite like. An andon cord means accepting that the line will stop. Four hours a week of learning means four hours a week of work that doesn't get done. When a value is real, somebody feels it.

That's the tell. If a principle has never cost you a deal, a deadline, a client or a star performer, it isn't a principle. It's a vague preference with good branding. And frankly, if that's what it takes to make a value real, it may be worth dropping the word altogether. Call them operating principles, commitments or simply the way we run this place. "Values" has been worn so smooth it may be beyond saving.

06 The only test that counts

Organisations are one long tug-of-war. Speed or accuracy. Cost or quality. My numbers or our numbers. This quarter or the next five years. A principle earns its place only if it tells people which end of the rope to pull, and only if leadership backs them when they do.

If you genuinely value safety, it wins when the shift is running late and there's a shortcut right there. If you value learning, it wins when the deadline is looming and the training day looks like the easiest thing to cancel. If you value the customer, it wins when it would be so much easier to tell them it's another department's problem.

The moment that matters most is the first time it costs something. The first time a manager is hauled over the coals for choosing safety over the schedule, everybody learns what the organisation really values, and nobody forgets it. One decision like that does more to set culture than any number of offsites, in either direction.

> **"One costly decision does more to set culture than any number of offsites.**

07 What to do instead

If you're about to commission another values exercise, our advice is simple: don't. Do something harder instead.

Read the record. Look at who you've promoted, what you've paid bonuses for and what you've tolerated over the last two years. That's your current value system, whether you like it or not.

Decide what to stop. Some of what you find will need to end. That will usually mean an uncomfortable conversation with somebody senior and successful. If nobody is uncomfortable, you probably haven't found it yet.

Write down the trade-offs you've already made. Two or three of them, in plain language, each one saying what you'll give up. "When the schedule and safety disagree, safety wins, and we'll back you" is worth a great deal more than the word Safety in 200-point type.

Pay for it in public. The first time one of those commitments costs you something, make sure people see you pay.

And if you can't do that, take the posters down. A blank wall does less damage than a promise everybody can see you breaking. It's also cheaper, especially if you hadn't yet ordered the water bottles.

TRY THIS

THE SANDPAPER TEST

Before anybody books the next values offsite:

01 Would anybody sane argue for the opposite of each of our values? ☐

02 When did each of our values last cost us money, a deadline, a client or a star performer? ☐

03 Looking at who we promoted last year, which values did those decisions actually reflect? ☐

04 When two priorities collide, would our values tell a frontline manager which one wins? ☐

05 If we took the posters down tomorrow, what would actually change? ☐

If you're struggling with those, you don't have core values. You have vague preferences.

OUR POSITION

Most values statements should come off the wall. Whatever replaces them should cost something, or it isn't worth saying.

SOURCES. Patrick M. Lencioni, "Make Your Values Mean Something", *Harvard Business Review*, July 2002. Edgar H. Schein, *Organizational Culture and Leadership*, Jossey-Bass. IKEA, "IKEA culture and values", about.ikea.com. Toyota Motor North America newsroom (pressroom.toyota.com) on the andon cord.

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