

*Values & Ethics ... to say these words means nothing;
to live these words means everything!*

OPERATIONALIZE VALUES & ETHICS—DON'T CREATE & FORGET THEM

Taking a Stand
January 2003

Inside this Issue

- To create values & ethics without operationalizing them is like trying to build a house without a blueprint.
- To operationalize values and ethics means that a) every team creates Action Agreements as to how they will actually live them and b) every team leader takes responsibility for conducting periodic agreement reviews.
- Team Action Agreements are to values & ethics what business plans are to strategic objectives.

The problem with **Company Values & Ethics** is not that the creators don't mean them. The problem is that executives fail to operationalize them.

Why is that a problem? Well, can you spell Enron, WorldCom, Adelphia and Tyco? Those companies had stated values and ethics. They also had oversight and audit functions, too. Just creating and announcing these statements to employees doesn't mean a darn thing unless your leaders set it up so that people discuss & agree - at the team level - how they will embrace & actually live them...day to day.

If those leaders had successfully operationalized their values and ethics, then those few deceitful leaders could have been exposed much earlier by their ethically-based employees thus averting so many decent people from being hurt! (Please read Time magazine's Persons of the Year article on Cooper, Rowley & Watkins; it's wonderful to see decent values-based behavior being so publicly acknowledged!)

In light of the Sarbanes-Oxley act and your company's desire to avoid being branded as an unethical enterprise, it's wise to consider operationalizing your values and ethics. There are several ways to accomplish this goal; however, the rest of this article will give you a general idea of how to implement one such way.

What does Operationalize mean?

To operationalize is to carry out (daily, monthly, quarterly) plans and actions to achieve specific goals. When you create a business plan for accomplishing strategic objectives, you've operationalized your goals. This is, for the most part, an intellectual or "head" process. Some plans call for standardizing procedures and yet some plans only define the boundaries or critical success factors for what to accomplish.

How to Operationalize Values & Ethics

To operationalize your values & ethics, you want to implement an interlocking and parallel business plan process but with one very important and often-ignored characteristic which I will present in a moment.

One successful way to operationalize your values and ethics is to have entire teams, including their leaders, spend a few hours creating Team Action Agreements that spell out - in behavioral terms - how they will hold themselves, and others, accountable for living and strengthening company values and ethics.

Team Action Agreements are to values & ethics what business plans are to strategic objectives. You wouldn't even think of creating strategic objectives without creating a plan with clear tactics, actions and individual accountabilities, right? Well, do the same thing

WHAT ARE TEAM ACTION AGREEMENTS?

A team that creates Action Agreements for how to live company values & ethics and periodically reviews them will not forget. These are not legal agreements; rather, they are agreements of the heart. These agreements declare the spirit of how team members intend to treat each other, customers, suppliers and shareholders. A well written agreement outlines spe-

cific behaviors that, when demonstrated, will produce the company's values & ethics. The logic of creating Action Agreements is self-evident: unless team members discuss and agree on what the company's values & ethics mean to them and how they will hold themselves and others ac-

countable for living them, they're nothing but words on paper. Team Action Agreements, therefore, are the only way we know of that ensures team members will really and truly live your company's values & ethics. •

with your values and ethics because just creating and announcing them will not guarantee people will believe much less know how to live them.

There is, however, a legitimate and necessary challenge to operationalizing your values & ethics. In a word, it's - HEART (this is the often-ignored characteristic). The mechanics of rolling out a Team Agreement process is simple and similar to your business plan process. However, you can't expect to deploy your values in a business-like way and expect people to embrace them because values are about feelings and what matters (the heart); they're not about metrics and milestones (the head). Your leaders will lose credibility and your values will be mocked if you treat them that way. Your challenge is to set up and maintain your values and ethics process in such a way that your leader's and employee's invest their HEART's into believing it's really possible to live and work in a values & ethically based company and that they use their heads to live their agreements so as to stay focused on what matters.

A Working Example

Let me give you a real example of what I mean. One client we admire is ChevronTexaco. Among their corporate values & ethics you will find the goal of being IFO—an incident free operation. About two years ago, the leaders of one offshore platform decided that if they were to legitimately become IFO everyone on the platform would need to believe IFO was possible.

Now internalize that for a moment. To be IFO means NO incidents—zero, none. Is that really possible? When you're honest, you would be hard pressed to believe that IFO is possible, right? If you did, you would also be saying that you believed you would never again accidentally spill another drink.

The ChevronTexaco leaders knew they could not approach this effort in a business-like manner. They knew they had to do something different because believing in IFO was not just

a head issue, it was a deep seeded, values-based heart issue, too.

To put the heart in this rollout, we arranged it so that all four shifts on the platform went through a one day session where everyone participated in a guttural and heart-felt discussion as to a) what was preventing each person from truly believing IFO was possible and b) what each person was willing to do to ensure the platform became IFO. Setting it up so that everyone (leaders and employees alike) talked openly and frankly about this issue, created broad understanding and deep accountability. The discussions were very rich, straightforward and in some cases painfully honest. The four sessions produced 18 specific business actions and one simple, but powerful, agreement.

The results of this effort have been rewarding. The platform continues to improve its IFO record. It has received numerous internal and external awards for HES and its leaders report an improved IFO attitude. The words of one participant summed it up, "This was the only way we could have built consensus on how to believe IFO was possible; now we really have a chance to be IFO!"

3 Steps

It's ideal to have your CEO heavily involved in championing this effort and visibly demonstrating values-based behavior, but it's not absolutely necessary. If your company has a set of values and ethics, then wherever you are in the organization, you can operationalize them in your team, department or business unit. You will want to follow these three steps.

First, notify all participants that they will be taking part in a values and ethics discussion in their teams within the next two weeks along with a down-to-earth and practical explanation of why.

Second, give your team leaders some guidance as to how to facilitate their meeting (it may be best to have someone from outside the team to facilitate). Participants in these meetings will a) discuss and clarify the definition of each value and ethic plus how they apply to their team, b) discuss and agree on specific team behaviors that demonstrate those values and ethics and c) create a clear understanding of how to speak up when others break the agreements or appear to be doing something unethical.

The third step is to review the values, ethics and agreements on a periodic basis so that the letter and intent of their team agreements are remembered, strengthened and practiced, thus not forgotten. This review can easily be added to your quarterly business review meetings.

Rationale & Summary

"Our lives begin to end the day we become silent about things that matter." - Martin Luther King. If your company's leadership genuinely aspires to be known as a values & ethically based company, then it makes perfect business sense to have your teams create agreements as to how they will speak up and live your values versus falling victim to silence.

Additionally, the ongoing agreements reviews, that are tied to your business reviews, are absolutely critical because they are an outward demonstration of your inward commitment. If the reviews are done well, they will motivate people and will give them permission, hope and support for doing the right thing when they see others inadvertently stray from stated values & ethics.

The logic for doing this is self-evident, yet it's our guess that 9 out of 10 companies have failed to operationalize their values & ethics. If you feel that your team, department or business unit has not yet achieved this goal, then please speak up and put some action behind your intention. By doing so, you will be living the intent of your company's values and you'll be **Taking a Stand** for doing the right thing!

DEVELOPING PEOPLE AND TEAMS THAT WORK

3303 Louisiana, Suite 205
Houston, Texas 77006, USA
Phone: 713-523-4200
www.LordandHogan.com



To receive an electronic copy of this free newsletter, or if you would like to unsubscribe or have one sent to a friend, send us your email.



Taking a Stand

is written
by Dan Hogan

Copyright © 2003