

**CORPORATE CHARACTER:**  
**HOW LEADING COMPANIES ARE**  
**DEFINING, ACTIVATING**  
**& ALIGNING VALUES**

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## EXECUTIVE SUMMARY

This report is based on research conducted among Fortune 50 companies by the Arthur W. Page Society to provide greater insight into how companies *define* (or redefine), *activate* and *align* values with enterprise strategy and operations.

Our research explored the role of values in developing corporate character in these organizations and the roles of senior communication executives in that process. We found that nearly all of the 25 companies interviewed had either recently finished or were in the process of completing a values review or instituting a values system, whether formally or informally. In addition to these findings, we received input from chief communications officers of leading enterprises at a March 2013 Insight Forum held by the Society, during which we pre-viewed early findings. This paper is the result.

The research revealed that leading companies take a deliberate approach to corporate character by systematically defining, activating and aligning their values with their operations. Moreover, these processes involve an enterprise-wide set of activities that require support and coordination across the C-Suite, preferably with input from employees and a central role for the CCO. This approach has become widely accepted practice in corporate life and a means for developing culture, driving performance and earning trust.

The model being tested in this research is described in *Building Belief: A New Model for Activating Corporate Character and Authentic Advocacy*, published by the Arthur W. Page Society in March 2012.

### Findings

The companies we surveyed followed eight distinct steps to define, activate and align values across their enterprises.

#### I. Defining Values:

**1. The vast majority of the companies interviewed were actively examining and defining values.**

We found that all 25 companies were focused on values. In 24 of the companies, values had recently been or were in the process of being reviewed or revised. The remaining organization was rigorously and intentionally activating long-held values and aligning them with business strategy.

As anticipated in *Building Belief*, most of the companies were undertaking far-reaching assessments of existing values to determine whether those values reflect how the organization delivers value to customers and stakeholders now and in the future. Frequently, a review of competitors and peer companies was involved.

**2. Organizations did not undertake changes in their values lightly, and the level of definition or redefinition varied widely.**

A majority of the enterprises avoided a wholesale redefinition of their values, recognizing that values are deeply ingrained in an organization's identity and culture. The most extensive changes were reserved for organizations undergoing a major transition, such as the arrival of a new CEO, a merger or spinoff, a reorganization, a change in enterprise strategy or business model or a recent crisis. Generally, companies exercised caution even in such circumstances, since wholesale or abrupt changes to stated values can be rejected by the organization when it feels its very identity is imperiled.

Findings reveal four degrees of values redefinition:

- Refreshing, modernization or revival of long-held principles. Frequently, this refreshing of the values statements made them shorter and more action oriented.
- Gradual evolution over time.
- Affirmation or even revival of previously held values.
- Largely or entirely new statements of values.

Companies are also giving greater attention to the wording of values, frequently putting descriptions around them to provide greater context and meaning.

**3. The processes pursued in redefining values, while also varied, generally involved CEO leadership, often in collaboration with other C-Suite executives. In many cases, employee and stakeholder input played a critical role as well.**

The CEO is key to the redefinition effort—in most cases, actually initiating it—and other C-Suite executives are often involved in the process and act as role models.

Four approaches to definition or redefinition were identified:

- *A solo act*: Imposed completely by the CEO.
- *An ensemble*: A top-down process led by a broader group of senior management.
- *A chorus*: A bottoms-up process starting with input from employees across the company.
- *An oratorio*: A combination of the last two approaches.

The CCO played an important role in nearly all versions of the defining process. In several “ensemble” processes, communications played a leading role in drafting values statements or overseeing the effort, and CCOs frequently directed or co-directed the “chorus” processes or portions of the “oratorio” process that involved gaining input from employees.

## **II. Activating Values:**

**4. Companies are using values to “activate” their cultures, with regular, far-reaching communications at the heart of that process.**

These communications take place over a wide range of channels—external and especially internal—and several executives emphasized that all corporate communications should be driven or informed by statements of values.

**5. Many companies pursued other highly intentional methods in addition to communications for bringing their values to life. These methods included:**

- Defining “valued behaviors.”
- Extensive and intensive training programs.
- Widespread use in performance evaluations and incentives.
- Awards and recognition programs.

### III. Aligning with Values:

#### 6. While the degree of alignment varied, nearly every company surveyed could also point to successes in aligning the way it did business with its stated beliefs.

Values were applied to business decisions in the following ways:

- Informing the company's business strategy or model, such as a purposeful focus on innovation or growth.
- Redefining customer relationships, including moving from a transactional to a more customer-centric approach.
- Elevating employees' value and collaboration, rather than maintaining a purely financial focus or structures that create silos and internal strife.
- Shaping competitive responses, often in ways that, surprisingly, support the industry and competitors during times of upheaval.
- Supporting far-reaching brand refreshes, often when the mix of business changes or new businesses are incorporated.
- Influencing selection of business or merger partners or geographies more in tune with the essential character of the company.
- Addressing mission-critical issues, such as sustainability, the environment, safety, fair treatment of employees and exemplary corporate conduct.
- Guiding response to internal and external crises, including a strike, a criminal settlement or problems with government officials.
- Driving social responsibility and outreach, reflecting the belief that a values-oriented corporate social responsibility program can build the trust that companies need to operate successfully in a range of environments.

- Emphasizing financial performance, as an expression of the value a company delivers to one of its constituencies, its shareholders.

#### 7. Although companies noted the ROI of values is elusive, most enterprises employ both internal and external measurements to determine the extent of their alignment with statements of company values.

These initiatives included executive reviews, employee and third-party surveys, and even external business metrics that relate back to core values.

#### 8. The process of aligning with values is a highly collaborative one that involves a range of C-Suite executives.

Although the alignment process is more business and operational in nature, in a number of companies the CCO fulfilled a substantial leadership role in the effort, alongside other C-Suite executives, to help the organization not only to "look like" and "sound like" its values, but also to "think like" and "perform like" its stated character.

### TEN ACTION STEPS FOR ENTERPRISES IN DRIVING CORPORATE CHARACTER

Drawing from the experience of the companies in this study and the expertise of CCOs who reviewed its findings at the March Insight Forum, we recommend that enterprises consider 10 steps across three stages:

#### Defining Values

1. Ensure CEO commitment.
2. Create collaboration at the top.
3. Build on the best of existing values and culture.
4. Assess needs and values of all stakeholders.

5. Include the entire team, from leadership to the rank and file.

#### **Activating Values**

6. Develop a set of “valued behaviors” that demonstrate how executives and employees can “live out” the values and thereby help define them.
7. Tell the story through consistent and far-reaching communications.
8. Create a series of actions and initiatives that reinforce and reward the desired behaviors.

#### **Aligning with Values**

9. Work with the C-Suite team to develop mechanisms and processes to incorporate the values into the company’s business model and strategies.
10. Wherever possible, develop appropriate internal and external measurements of the impact of values on the company’s business strategies and results.

Not all of the companies surveyed undertook every step, but many performed most of them. The steps were not always pursued sequentially. Many companies worked on multiple steps simultaneously. For example, it can be very helpful to define or redefine a company’s values to better align with the company’s strategy and business model. Furthermore, organizations that complete most of the journey, especially when it involves elements of all three stages, find it extremely helpful to engage their employees and other stakeholders. Leaders believe this can create a stronger brand and corporate reputation, as well as provide the foundation for competitive advantage in the marketplace.

The report’s findings should benefit CCOs and other C-Suite executives, helping them to advocate within the enterprise for a comprehensive approach to building corporate character—the foundation of enterprise brand, reputation, trust and advocacy.

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