

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

*Arthur W. Page*

ARTHUR W. PAGE SOCIETY



## **VISION**

The Arthur W. Page Society is committed to the belief that public relations as a function of executive management is central to the success of the corporation. The membership of the Society will embrace those individuals who epitomize the highest standards of public relations practice, as exemplified by the Page Principles.

## **MISSION**

To strengthen the enterprise leadership role of the chief communications officer by embracing the highest professional standards, advancing the way communications is understood, practiced and taught, and providing a collegial and dynamic learning environment.

## FOREWORD

*Building Belief*, published by the Arthur W. Page Society in 2012, proposed a “new model” of organizational communications, based on the definition and activation of corporate character.

The Page Society’s new report, *Corporate Character*, continues that work, describing original research conducted among the chief communications officers (CCOs) of 25 Fortune 50 corporations. It presents a fresh picture of the current landscape for enterprise values, including the many ways in which these diverse companies are defining, activating and aligning their strategy and behavior with their core identities.

Rich in detail, case studies and insights, the report also lays out tested, pragmatic steps that CCOs and other leaders can take to translate their values into behavior and strategy and to shape culture. Speaking for the Page Society, I wish to express our deep gratitude to the leaders who were so generous with their time, expertise and experience. I have benefited personally and professionally from their wisdom, and I believe all CCOs will as well.

As we read the findings of this report and think about how to apply its tactics to our own organizations, I urge us to keep in mind its guiding premises. To many people, terms such as “organizational values,” “corporate character” or “enterprise authenticity,” bring to mind ethics and compliance. But values and authenticity, as defined in *The Authentic Enterprise* (2007), and corporate character, as defined in *Building Belief*, are not about morality, legal compliance or even corporate social responsibility, as important as

those are. Rather, they refer to the enterprise’s differentiating identity and purpose.

This is all about choices. Do we build a product that has these features and functions, or other ones? Should we attract talent on the basis of pay and benefits, or purpose and teaming? As we invest for the long term, on what basis do we make our decisions?

Most fundamentally, it comes down to what makes us “us,” and how do we show up like that every day and everywhere?

Many organizations, of course, profess core beliefs, principles or values. But today, stated values can be easily disproven by what employees, customers or citizens actually experience when they interact with the company. And increasingly, those interactions are visible to everyone, across every dimension of the organization and its many publics.

In a world being transformed by the rise of social media and the information explosion known as “big data,” radical transparency is the condition of doing business. The digital revolution has empowered the world, and every individual, to demand authenticity: The product and service performs as advertised; the employer treats me as expected; management’s behavior is consistent with the company’s stated values.

This is why *Building Belief* argued that it is no longer sufficient to manage reputations and brands—our external persona—separately from our workforces and cultures—our internal identity. To be an authentic enterprise, these need to be managed as one. As one CCO put it, “How you are is who you are.”

The activation of corporate character is the never-ending journey of ensuring that the enterprise behaves in a manner consistent with its declared identity. In *Corporate Character*, we see a fascinating portrait of the current state of that

journey. Halfway through the second year of my tenure as chairman of the Arthur W. Page Society, I am heartened by the progress being made—and even more so by the growing awareness of how far we still have to go.

A handwritten signature in black ink that reads "Jon C. Iwata". The signature is fluid and cursive, with a long horizontal stroke at the end.

Jon C. Iwata, Chairman  
Arthur W. Page Society

## **CONTENTS**

<b>6</b>	Executive Summary
<b>10</b>	Introduction
<b>11</b>	Corporate Character and Values
<b>12</b>	Part I. Defining—and Redefining—Values
<b>19</b>	Part II. Activating Values
<b>23</b>	Part III. Aligning with Values
<b>29</b>	Part IV. Case Studies
<b>35</b>	Part V. Ten Action Steps for Enterprises in Driving Corporate Character

## **APPENDIX**

<b>38</b>	1. Dallas Insight Forum Adds Valuable Perspectives to Corporate Character
<b>40</b>	2. Research Methodology
<b>41</b>	3. Study Participants
<b>42</b>	Acknowledgments
<b>43</b>	Notes
<b>44</b>	Arthur W. Page Society Board of Trustees and Staff
<b>45</b>	Page Philosophy and Page Principles

## EXECUTIVE SUMMARY

This report is based on research conducted among Fortune 500 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.

## INTRODUCTION

This report is based on research conducted 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.

*The Authentic Enterprise*, published by the Page Society in 2007, observed that businesses are operating in a hyper-connected and radically transparent global environment shaped by dramatic changes in communication and information technologies. The report argued that in order for enterprises to build and protect brand and reputation in this environment, “authenticity is the coin of the realm,” and it can be achieved by defining and activating values across the enterprise.

In 2012, *Building Belief: A New Model for Activating Corporate Character and Authentic Advocacy* took the concept a step further, arguing for the importance of “corporate character”: defining the enterprise’s unique identity, differentiating purpose, mission and values. Corporate character, in turn, forms the foundation for building shared belief with stakeholders that leads to positive actions and, ultimately, advocacy. Companies that master these concepts can earn the kind of support from employees, customers and other stakeholders that builds sustainable value and business success.

For this report, we interviewed communications leaders in 25 Fortune 50 companies about the role of values in developing corporate character in their organizations and the roles of senior communication executives in that process. We wanted to understand whether companies thought about values in this way and, if they did, how they defined, activated and aligned values across the enterprise.

We found that each of the 25 companies was very focused on values. Values had recently been or were in the process of being reviewed or revised by 24 of the 25 organizations, and the remaining was rigorously and intentionally activating long-held values and aligning them with business strategy—meaning that their values played a role in informing aspects of the enterprise’s strategy and operations.

We shared our findings with Page members and guests at a March 2013 Insight Forum at Southwest Airlines headquarters in Dallas. Based on attendee comments, along with our analysis of the experiences of the companies we interviewed, we recommend 10 steps that companies should consider as they work on addressing values and corporate character. Chief communications officers and other C-Suite executives have an opportunity to advocate within the enterprise for a comprehensive approach to building corporate character that is the foundation of brand, reputation, trust and advocacy.

While not all of the companies interviewed have been completely successful in translating their work on values and corporate character into stronger business results, it is clear that the vast majority find this emphasis useful in earning respect and commitment from both internal and external stakeholders.

This research reinforces the conclusions reached in *The Authentic Enterprise* and *Building Belief* and provides useful examples to guide those who are undertaking similar efforts within their own enterprises. We are grateful to the CCOs and others interviewed for their generous willingness to share their experiences.

## CORPORATE CHARACTER AND VALUES

### We Begin With A Premise:

Enterprises must develop a strong corporate character if they seek to build strong brands and corporate reputations, be deemed worthy of trust and forge deep, meaningful and lasting relationships with stakeholders whose decisions affect the viability of the enterprise. Each enterprise must have a clear sense of what defines it—why it exists, what it believes, how it acts and what value it creates and how—and that definition must be translated into action across the enterprise on a consistent basis.

This concept was articulated by the Page Society in *The Authentic Enterprise* and developed more fully under the label “corporate character” in *Building Belief: A New Model for Activating Corporate Character and Authentic Advocacy*.

Corporate character describes the unique identity that distinguishes each enterprise—the characteristics that define its very nature. This identity begins with purpose and values,

but is lived out through actions that are carried out consistently in the company’s strategy and operating plans. Corporate character thus transcends products, services and market leadership, and stands distinct from the narrow focuses on ethics, legal compliance or corporate social responsibility from which statements of values frequently developed. Accordingly, the concept has been expressed in terms of a continuum: a company shouldn’t just “look like” and “sound like” its values, but also “think like” and “perform like” its stated character.

This report is divided into five parts. The first three explore how the companies we interviewed are *defining* and *activating* values and *aligning* them with purpose, strategy and operations. Part IV provides case studies for three companies that built successful approaches, and Part V recommends 10 steps that can help translate the lessons of this report into action.

## PART I. DEFINING—AND REDEFINING—VALUES

The first step in developing corporate character is the clear definition of an organization’s distinctive beliefs, values and purpose—described as the value it uniquely creates for its customers, employees and shareholders, as well as for the public at large.

Undertaking this process is increasingly necessary, because greater transparency now makes it possible for anyone to see the corporation behind its products, services and brands, and customers are increasingly likely to act on their preferences by supporting what they like and vocally opposing what they do not. Companies must therefore define values that are consistently lived out by the entire organization.

**Finding 1: The vast majority of the companies interviewed were absorbing and implementing the corporate character model in defining values.**

Twenty-four of the 25 companies interviewed had just completed or were in the process of completing a values review or instituting a values system, formally or informally.

In some companies, these values reviews were centered on a statement of corporate purpose or mission. In General Electric’s case, the centric statement was “to invent and build things that matter.” In the case of Verizon, a new “Credo” was developed to serve as a type of “constitution.”

As anticipated in the model, these reviews frequently involved a reconsideration of, or deeper dive into, the company’s relationships with its customers and how the company served them.

A number of organizations included in the survey had made their values systems more consumer- or customer-centric.

As described in more detail later in this report, examples include UnitedHealth Group’s focus on a more relational tone, and deliberate efforts by Wells Fargo, Walgreens, Kroger and Cardinal Health to highlight the central role of serving customers in new or updated values statements. IBM’s key value of “dedication to every client’s success” was similarly focused on making the company relevant to its customers, and Verizon’s new Credo reflected the entirely new way it was serving the public with the shift away from its role as a dominant telecommunications company. Lockheed Martin specifically fashioned its values to reflect those of its primary customers in the armed forces. General Motors’ new statement of values was “an important element in the process of stabilizing the business and giving employees a sense of direction for the company” after it emerged from bankruptcy.

Values reviews can focus intently on the role of employees, as was the case with The Home Depot and Best Buy. Reviews can also focus on the competitive environment within the company’s industry and in the business world in general, as were the cases with General Electric, Verizon and Walgreens.

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

Though nearly all of the large companies interviewed in the course of the Society’s research had recently undertaken some degree of definition or redefinition, organizations were cautious in undertaking changes. As Jon R. Katzenbach, Ilona Steffen and Caroline Kronley observed in the *Harvard Business Review*, “You can’t trade your company’s culture in as if it were a used car. For all its benefits and blemishes, it’s a legacy that remains uniquely yours.” Accordingly, more significant reworking was frequently associated with a major transition in the organization.

Findings reveal four levels of values definition or redefinition:

The first type of redefinition involved the **refreshing, modernization or revival of long-held principles.**

- A management decision to focus the organization on employee and customer engagement led Walgreens to modernize its corporate values while remaining true to the well-known and highly accepted “four-way test” adopted in the 1950s from Rotary International by Charles R. Walgreen Jr., son of the company founder. “Is it the truth?” morphed into “Honesty, trust and integrity.” “Is it fair to all concerned?” became “quality through consistent reliable service, advice and products.” “Will it be beneficial to all concerned?” made the short journey to “caring, compassionate and driven to delivering greater customer and patient service.” And “Will it build goodwill and better friendship?” was updated to “a strong community commitment and presence.”

- In several cases, the updating process involved simplification and focusing. Dow Chemical tightened its prior statement of values from a long list “that employees couldn’t easily rattle off,” in the words of its CCO, to just three: “integrity,” “respect for people” and “protecting our planet.”
- Archer Daniels Midland redrew its longstanding ADM Way from a code of conduct into a set of corporate values, while Cardinal Health “refreshed” its values to make them more conversational and to engage employees in dialogue.
- UPS’s values—which revolve around the company’s relationships with its people, customers, shareholders and community—are incorporated in its *UPS Policy Book*, which was updated in 2011 for the eleventh time since its initial printing in 1929. The company’s communications head described the policies as a “living book” that is reviewed on a regular basis through conversations within the management committee that consists of the CEO and nine members of his staff. While some of these policies “never change,” two that have been “greatly enhanced” to reflect a changing world are sustainability, considered key to the company’s “long-term prosperity,” and social responsibility, covering areas such as diversity, community and volunteerism.

In some cases, current values statements result from a **more gradual evolution over time.**

- The Chevron Way was described as an extension of values that were codified more than 80 years ago in the form of the “Chevron Spirit” and have been revised over time to keep up with a dynamic world. The most recent update occurred just a few years before the interviews.

- At Wells Fargo, a set of values largely crafted by the CEO of a predecessor company is reviewed and refreshed every two to three years.

For a few companies in the survey, the redefinition effort actually led to **an affirmation or even revival of previously held values.**

- At Kroger, the company’s statement of values was so deeply ingrained that a consultant’s suggestion to merge values relating to diversity and inclusion, and to insert a plank on financial performance, was met with widespread employee resistance and subsequently abandoned.
- At The Home Depot, a new chief executive restored the founding “values wheel” and “inverted pyramid”—symbols so popular that employees paint them in break rooms. That decision, announced in the incoming leader’s first presentation to employees, was described by the head of communications as a “huge signal, a bell ringing inside the company” that the organization would once again place its customers and associates at the top of its priorities.

At the other end of the spectrum, a number of companies **developed largely or entirely new statements of values.** These farther-reaching reworks were frequently associated with a major transition within the organization.

- At both Ford and UnitedHealth Group, the development of new values statements coincided with the arrivals of new CEOs intent on changing the values and culture of the company: At Ford, to unite separate regional operations that had evolved over many years and create “One Ford,” and at UnitedHealth Group to transition the company from a transactional to a relational orientation with its customers and partners.
- Also at the initiation of a new CEO, IBM in 2003 revisited the “Basic Beliefs” articulated by

its legendary founder, Thomas Watson, Sr., in the early 20th century. The process involved an online outreach in which tens of thousands of employees worldwide participated. Although these changes resulted in a document “the founder would have recognized,” the new values actually helped reshape the company.

- Verizon’s redefinition process—really, the development of a higher-level statement of values—was driven by dramatic changes in its structure away from that of a provider of copper wire used in homes, which by the time of the interviews represented only seven percent of its business. The result was the development of its “Credo”—a one-page “tip of the hat to Johnson & Johnson,” which the top communication executive considers a “constitution” that goes beyond values to “define who Verizon is and what we do.” The Credo is “focused outward to the customer rather than inward” in the manner of the previous statement of values.
- General Electric’s “Growth Values” were developed over the course of two years at the initiative of the company’s CEO. Launched in January 2011, they were the result of a fundamental rethinking by senior management of values established as recently as 2005. The new set of values, as implied by its name, is intended to drive novel business approaches that spur expansion.
- Mergers and integration led to new values statements at AT&T, Sears, WellPoint and Lockheed Martin.
- Kraft Foods created its “Values in Action” as part of its rebranding as a consumer foods company at the time of its spinoff from its parent company, Altria.<sup>1</sup>
- According to its chief communications officer, General Motors needed to re-establish its vision and values after “emerging from a

<sup>1</sup> Since the interviews, Kraft has undergone a further spinoff into two separate businesses.



wrenching bankruptcy, and the negative fallout surrounding it.” The effort was described as “a unique endeavor in that we were a new company, but with a century-long legacy.”

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

Corporate character can be built through a collaborative process across the C-Suite, potentially but not necessarily initiated by the CCO. In nearly all of the companies interviewed, the company’s CEO or his or her designee took a leading role in the process, but other C-Suite executives were frequently involved as well.

Essentially, the redefinition process followed one of four approaches—a “solo act” completely imposed by the CEO, a top-down process led by senior management, a bottoms-up process starting with input from across the company, or an approach that combined the top-down and bottom-up processes.

The first approach, the “solo act,” involves values laid out by the CEO:

- At Ford, a new CEO initiated and drove the redefinition process that resulted in the “ONE FORD: One Team, One Plan, One Goal” values statement. In the words of the company’s vice president of communication, “[The CEO] led the creation of the plan and the expected behaviors .... A key reason it was adopted was that he brought everyone to the table in the P&Ls and functions—and stressed working together.”
  - At Home Depot, a new CEO single-handedly reinstated the company’s founding values and the symbols expressing them as the “first thing (he) did” in his initial presentation to employees. He views the responsibility of communicating and supporting the values as one of his most important roles as CEO.
  - At JPMorgan Chase, informal expressions of values were almost entirely derived from actions and statements by the company’s CEO and his direct reports, and these values were encouraged throughout the company.
- A second approach involved an “ensemble.” The CEO or his or her designee led a process that, while still decidedly top-down, involved a broader swath of senior management:
- The CEO of General Electric initiated a wide-ranging review of values promulgated just a few years earlier. While this process was largely led by the company’s vice president of executive development and chief learning officer, in conjunction with Human Resources, more than 30 senior executives were involved. These executives were dispatched around the globe to meet with 100 external organizations (including such fascinating choices as the Communist Party of China, the Boston Celtics and Internet startups). Upon their return, the executives shared their learnings and stories about values from these organizations. They also participated in a full-day discussion to provide their input into the growth values, a discussion that included issues personal to each executive such as his or her motivation, work balance and career plans. The process also included small-group dinner discussions led by the CEO that involved every GE officer, an initiative the CEO referred to as “wallowing around.”

- New statements of mission, vision and values at Sears were established by the then-CEO and his leadership team, co-led by the company's head of HR.
- WellPoint's new statement of values was described as "developed completely by the CEO and the management team."
- At AT&T, a 2011 redefinition of values inherited from its predecessor company, SBC Communications, was a workstream of the Employee Engagement Advisory Board, a group of senior managers across the organization who meet monthly to address employee issues under the leadership of Human Resources.
- At General Motors, the values definition process was a collaborative effort among the company's Executive Committee, described as "the ideal starting place given that the senior executives on this committee were a mix of long-time GM managers and those new to the company and the industry" resulting in "a wide range of voices, experiences and perspectives to draw on." The CEO was also "very involved in the process from start to finish."
- At ADM, Corporate Communications ran 10 to 15 focus groups of employees who are representative of workforce groups, "synthesized" the results into the new values and elicited feedback from a Leadership Engagement Group, the top 30 executives and then a Leadership Forum consisting of the company's top 150 managers.
- Kroger drew upon the trailblazing work of Johnson & Johnson in the area of corporate mission and purpose, employing historical company documents and seeking input both from "culture councils" and an employee survey, a process that ultimately reaffirmed the company's existing values statements.

A final set of companies engaged in redefinition through an "oratorio" process that involved a combination of the "ensemble" and the "chorus." The oratorio process is, perhaps, optimal. Management led this approach but sought broad participation from employees or representative groups, and sometimes outside parties:

Another set of companies pursued redefinition processes that we refer to as a "chorus." Bottoms-up in nature, this approach allowed employees or employee groups a major role in describing the organization's values:

- At Kraft, in a manner similar to IBM, the communications team conducted a six-week online chat in which thousands of employees participated. In stark contrast to other models that were more CEO-centric, the input of everyone from the CEO to line workers was encouraged and valued. The outcome was a new higher purpose, positioning, set of values and new corporate identity.
- IBM, as noted earlier, revisited its founder's values in a "ValuesJam" in which tens of thousands of employees participated using the company's intranet. The results are therefore seen not as "IBM's values" but as "IBMers' values." The ValuesJam, however, followed the work of a cross-functional task force, which developed an initial draft that was then tested in focus groups reaching about 1,000 employees.
- The incoming CEO at UnitedHealth Group initiated a redefinition process, which had two executive sponsors: the head of the company's health benefits business and another senior executive. Under these sponsors, a group of senior leaders reviewed the existing values and convened a larger group of nearly 50 employees to develop the concepts of building and investing in relationships, which were then incorporated into the existing values.



- Dow Chemical’s values statement was “endorsed” by its Executive Committee following a process that sought the input of a range of internal and external stakeholders, including the Board of Directors. The CCO commented that the company’s addition of sustainability as a core value was driven by the input of younger stakeholders.
  - At Verizon, while the creation of the Credo was initiated by the chief operating officer, who later ascended to the top position at the company, a “culture committee” was convened to oversee the process, with the significant involvement of the communications team. Ultimately, the CCO developed the core of a document, “owned” it in conjunction with the COO and the head of human resources, and shepherded it through the company’s approval processes.
  - Cardinal Health’s refresh process involved multiple layers. It began with an Executive Committee off-site, in which the executive vice president for public affairs participated both in her functional role and as a member of the committee. After cascading down to the next two levels of executives, the executive team then solicited employee reaction and input at a town hall meeting. Alongside the refreshed values, a series of “Leadership Essentials” was developed to “unpack” the meaning of the new values through descriptions of their application in practice and to make explicit the attributes of successful leaders at Cardinal Health. The next step was an external rebranding for Cardinal Health.
  - A group of senior executives developed initial drafts of the new values statement at Walgreens. These were then refined by the communications team. Responsibility for driving the process was shared with the chief marketing officer, the chief innovation officer and other executives, but a “large group” was involved in the process to ensure buy-in to the product.
  - While the *UPS Policy Book* is continually reviewed by senior leadership, there is a form in the back by which any employee can submit a proposed update. Moreover, UPS conducted hundreds of employee interviews and focus groups to connect the company’s values to how it serves customers. This research helped UPS shape its new Brand Promise: “In every connection we make, go further. So our customers can do more.” And to make sure that every employee understands the company’s policies—and that every employee’s voice is heard—UPS translates its *Policy Book* into 16 languages.
- In the majority of companies, the CEO or a proxy served as the initiator of the process, but in nearly all cases other than the “solo act,” the CCO played a leading role in the redefinition process or was an important collaborator with other C-Suite executives.
- In several ensemble processes, Communications played a leading role in the drafting of the values statement or in overseeing the effort:
- At Wells Fargo, the CEO initiated the process but gave the communications function considerable responsibility for carrying it out and shaping values statements. The CEO of a predecessor company drafted Wells Fargo’s initial statement of vision and values, but the company’s CCOs have authored subsequent updates.
  - At Lockheed Martin, a new CEO asked the communications function to lead the values redefinition effort and to restructure the brand around those values. The stated values were designed to reflect those of the armed services, which comprises 61 percent of the company’s business.
- Moreover, CCOs frequently directed or co-directed the “chorus” processes and the portions of the “oratorio” process that involved gaining input from employees:

- Kraft's former senior vice president of global corporate and government affairs co-led that company's process with the chief marketing officer and head of human resources.
- ADM's CCO, who joined the company along with a new CEO, initiated the values redefinition effort and designed the process.
- As noted above, at Verizon, the CCO was responsible for developing and "owning" the company's new Credo.
- At Cardinal Health, the executive vice president for public affairs led the process of refreshing the company's values statement in conjunction with the head of human resources.
- Walgreens' CCO described Communications as "leading the writing process" and said that the group drafted the document while working with the chief human resources officer, the chief information, innovation and improvement officer, the chief marketing officer and other executives.
- The communications head at AT&T worked with the chairman and his direct reports to refine the values statement. Moreover, he led the incorporation of the values into a one-page document along with associated behaviors.

## PART II. ACTIVATING VALUES

In *Building Belief*, the activation of corporate character is described as “the never-ending work of ensuring that the enterprise behaves in a manner consistent with its stated character.” It is clear from the interviews that nearly all of the companies studied for this white paper took concerted action to this end.

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

Naturally, the most frequent form of activation discussed in interviews was consistent communication of the company’s values through a variety of channels, external and especially internal, formally and informally. In fact, many of the executives interviewed acknowledged that to ensure a company always “sounds like” its stated character, all corporate communications should be driven or informed by statements of values:

- As the chief communications officer of Dow observed, “We get them out in every way you can imagine.”
- Wells Fargo’s communications leader insisted, “It’s communications; there’s no substitute for delivering the message consistently, making constant references to it.”
- Cardinal Health’s executive vice president for public affairs said that values are “naturally incorporated as appropriate into the communications cadence—they have become part of our nomenclature.”
- Sears commits to “weave values into our communications to associates every day.”
- Kraft’s former senior vice president of global corporate and government affairs said that the company’s Values in Action were “everywhere” and that they “play out in the way we communicate.”
- UPS’s senior vice president of communications and brand management emphasized how the company’s policies are a central part of the “everyday conversation” at the company. “We spend time with our people on them—‘What does this policy mean?’ ‘What is your obligation?’—so that [employees] have a sense of how the values are relevant to what they are doing and to our business.” But managers don’t just talk about values—they model them. She described how early in her career on the operational side of the business, a manager surprised her by telling her a job she estimated at three hours had to be completed in just one—but then pitched in and helped to show her how the task could be completed safely. “You have someone standing next to you saying, ‘We’re going to do it this way—together.’”
- On the other hand, the CCO at UnitedHealth Group ironically found himself in the position of damping down internal communications in the early stages of the redefinition and activation of values so as not to get ahead of the process. The leadership team did not want to “put out a

memo or a blog saying ‘Here’s our culture initiative’ or ‘Here are our values’ ... to seem or feel like a ‘program.’ We’ve all been through the exercise; let’s just print it up with cubes of Post-it notes and tchotchkes.” As a senior executive, the CCO wanted “people [to] see I’m doing things differently.” The company ultimately moved forward with the process and was planning for a more explicit internal rollout.

Within communications outreach, some channels appeared to be more widely used:

- Executive communications, especially those emanating from the CEO, were the most frequently mentioned means of driving home values both internally and externally. These communications included not only speeches, but also CEO blogs and letters, town hall meetings and employee broadcasts.
- Websites were often acknowledged as a forum for sharing values, both in print and video form. Although not every interviewee mentioned company websites, our review found that nearly every organization has some mention, if not a full statement, of its values online.

Other communication channels noted by survey participants include:

- Cards, booklets, posters, brochures and other publications for internal and external audiences —including, in one case, printing the values on the back of employee badges. Despite today’s digital connectedness, a number of companies ensure that every employee has a hard-copy form of the values close at hand or, in consumer-facing organizations, that they are available to the public at branches or outlets.
- Annual financial and corporate social responsibility/sustainability reports and other internal and external company publications.
- Shareholder meetings.

- Corporate advertising.
- Media outreach.
- Political outreach, such as with Capitol Hill, regulators and city officials.

In addition to these formal channels, companies engaged in informal communications among employees and executives to promote and activate values:

- At JPMorgan Chase, the CCO saw his role partly as “connector of all the top people” whose job was to “make sure everyone is doing the things we want to do,” with “immunity” to call members of the firm out on departures from the organization’s informal values.

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

Respondents cited a broad spectrum of initiatives for ensuring that the enterprise behaves in a manner consistent with its stated character. Initiatives included:

**Defining valued behaviors.** Companies frequently established specific sets of “valued behaviors” through which executives and employees alike can live out the organization’s principles. These behaviors are frequently driven home in training and reinforced in performance reviews.

Examples of honoring valued behaviors included:

- Cardinal Health, whose values are articulated as a set of behavioral statements, which the communications leader indicated were “referenced all the time in communications, on the intranet and in the management toolkit.” The values, which “guide our actions,” focus on qualities such as tenacity, accountability, inventiveness and adaptability. The company also developed a set of Leadership Essentials, which “define how we work” and characterize

successful leaders at Cardinal Health. These Leadership Essentials have been scaled for employees at different levels within the company.

- Lockheed Martin, where “ethical behavior” was stressed “in everything we do, and built into the foundation of our five Full Spectrum Leadership principles. If we violate those, it’s a hammer.”
- General Electric, where a set of behaviors and expectations is established as “anchors under each value.”
- Walgreens, which was setting up benchmarks in the areas of employee and customer engagement as core qualities of its values at the time of the survey. The company believes “if you live these values, it should drive better business.”
- AT&T, which circulated widely a one-page document incorporating its four stated values — “deliver the future first,” “build strong customer relationships,” “unleash our human capabilities,” and “operate with integrity and trust” — along with 20 explanatory behaviors.
- UPS, whose most prominent valued behavior is integrity. “Integrity is the core of who we are and all that we do—it’s a requirement,” insists the CCO, who notes that UPS’s success depends on the trust that 16 million customers place in the company and its nearly 400,000 employees to handle their shipments each day. “There aren’t many ways to leave our company — anything that would compromise integrity would be one of them.”

As with other means of activating values, behavioral rules were sometimes expressed less formally.

- Formal behaviors expressed at Ford include “fostering technical excellence, working together, role modeling for values, and delivering results.” At the same time, the value of respect is elevated through a rule that forbids the use by employees or executives of electronic de-

VICES during company meetings so that everyone can focus on the plan and the presenters.

- At JPMorgan Chase, appropriate behavior is enforced through an informal “no jerks” standard: The CEO insists that employees and customers be treated “like our mother” and the communications chief indicated that “if you are a jerk or disrespectful, we don’t care how much money you are making for the company.”

#### **Extensive and intensive training programs.**

As indicated above, training is used extensively to familiarize executives and employees with values and expected behaviors. This values training starts early. Several interviewees mentioned the incorporation of their values in orientation or onboarding, and one insisted that they were the “very first thing out of the box” at that event.

- GE’s communications chief noted that the company’s \$1 billion investment in training is a key means of activating the values in GE’s culture. All corporate university training at the company at every level is built around its growth values and is based on each business’s self-evaluation against values.
- At General Motors, all new executives receive thorough training “on the company’s expectations for them as stewards of our corporate values.”
- A Sears’ communications executive cited mandatory training for every employee on its redefined statement of values.

#### **Widespread use in performance evaluations.**

More than a third of the companies interviewed incorporated adherence to their values in executive or employee evaluations and performance reviews.

- Forty percent of Best Buy associates’ evaluations relate to living company values. The communications team sees this as a factor in its historically low turnover for a retail organization.

- ADM’s executive bonuses are tied to specific ADM Way activities, such as conducting dialogue sessions and adherence to the company’s code of conduct.
- Kroger lists all its values on its performance evaluations with rating on a pass-fail basis, while performance metrics are based on adherence to values.
- At General Electric, executives’ performance reviews are based in part on how well they perform against the company’s growth values.
- Both Cardinal Health and WellPoint used the same terminology: The companies base a portion of performance reviews on “how” employees and executives do their jobs, not just what they do. At Cardinal Health, equal weighting is placed on the “what” and the “how” of an individual’s performance.
- Chevron and other companies indicated that adherence to values is a strong factor in succession planning, and a number of companies suggested that failure to adhere to values — especially the principle of respect for fellow workers — could well result in an executive’s departure from the organization.
- Pfizer’s communications head indicated that values are integrated into performance reviews with a special focus on “respect for people,” with collaboration critical in a matrixed environment.

**Awards and recognition programs.** A number of companies have created awards and other recognition programs to call out performance that exemplifies their values. Examples include:

- Cardinal Health’s Founders Award, their highest annual employee recognition initiative, is based on “extraordinary actions and daily deeds that exemplify Cardinal Health’s core values.”
- Verizon’s newly created Credo Award, which honors employees who exemplify the company’s core values and put its Credo into action.
- The General Motors Transformer Award, which rewards employees who have “developed innovative ways to generate value for the company,” with winners “heavily promoted” internally.
- The Home Depot’s Homer Badge and its Legends program, in which associates are featured in a broadcast for store managers and in a book published annually.
- UPS’s Casey Community Award, named after the company’s founder, honoring employees who have demonstrated the spirit of volunteerism.
- WellPoint’s Values in Action plan, which provides cash awards to associates who model the company’s values.



### PART III. ALIGNING WITH VALUES

The ultimate activation of an enterprise's corporate character—and test of whether “who they are is how they are”—is the use of its values, principles and purpose to shape and drive its business model and operational strategy.

**Finding 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.

Some of the ways in which this alignment of values and business models manifested itself in practice include:

**Informing the company's business strategy or model.** The strongest expression of a company's alignment with its values is the degree to which those values drive a rethinking or change in business strategy, model or type of business in which the company engages.

- IBM provides one of the clearest cases of a redefinition of values that enabled a transformation in business orientation. The company's leadership had come to believe that its portfolio of products and services needed to change—that too much of it was grounded in commoditized technologies that no longer drove innovation or high margins. The challenge was cultural. IBM had actually invented many of these technologies, such as the hard disk drive and the personal computer, and their status was iconic externally and within the company. In the company's ValuesJam, IBMers collectively shaped the value of *innovation that matters—for our company and the world*. This

establishment of shared value helped IBMers accept the need to move on from past legacy to future innovation.

- In recent years, Chevron has added its business and enterprise strategies to the Chevron Way to tightly align its values with its core strategies.
- Verizon's development of its Credo, as explained earlier, was directly related to the evolution of its business model from a dominant copper wire telecommunications company to a provider of wireless and fiber-optic services.
- Pfizer's values are so embedded in the company's business model that the communications chief indicated that many senior managers wrote them into their annual plans.

**Redefining customer relationships.** A large number of companies used the values redefinition process to advance a more relational or customer-centric model:

- UnitedHealth Group engaged in a values-driven change from a largely transactional approach with customers to a more relational one, as leadership came to realize that too much emphasis had been placed on financial measures. According to UnitedHealth Group's communications chief, the new CEO (the company's former chief operating officer) felt

that the company would be more successful if employees understood that their real job was to help people.

- Wells Fargo's CEO likes to point out that the company's updated vision statement—"to satisfy all our customers' financial needs and help them succeed financially"—is "less than a tweet." Moreover, of the company's six values, much of the focus is on one: "People are a competitive advantage." These two statements, which emphasize a customer-centric and relationship-centric perspective versus a business or product point of view, mean that the mission of a salesperson "is not to sell, it's to meet customer's needs," according to Wells Fargo's communications lead. "We often say that we don't want to get the stagecoach in front of the horses." This vision has guided the company's actions in dealing with the housing crisis: We have a "responsibility to help people in tough times .... We have tried to respond in our own way with as much compassion as we can demonstrate."
- Walgreens' redefinition of its values followed a 2008 strategic decision to slow rapid expansion and new store openings. The company instead began to focus on increasing production from its existing store base, including an aggressive effort directed toward employee and customer engagement. One of the organization's goals became to ground everyone in the mission and develop benchmarks and metrics that would allow employees and the organization to track success based on its commitment to service. Acknowledging the link between responsible behavior and financial performance, the company's vice president of communications and community affairs pointed out, "We believe that if you live these values, it should drive better business."
- Kroger used a values-driven approach to deal with a disturbing customer service issue: cashiers were treating patrons receiving government assistance with disrespect. By encouraging its

employees to view the matter through a values prism, the company was able to correct the problem.

- AT&T is engaging in a far-reaching internal campaign to highlight its company-wide commitment to improve its "net promoter score," a widely-used industry metric consisting of the percentage of customers who would recommend its service to a friend, minus the percentage of detractors. A group of executives dubbed "The Mavericks" is promoting the effort—an outgrowth of the value of "strong customer relationships"—through a series of monthly video town hall meetings. The bonus compensation of every manager in the company is tied to the metric.
- UPS puts service to the customer at the center of its values, as illustrated by an episode in which the communications head, in a former operational role, dispatched employees and partners to buy and deliver organic turkeys on Thanksgiving Eve to rectify a missed shipment that could have ruined a client. "Every UPSer involved—250 people went to supermarkets on the night before Thanksgiving—never thought twice about it. It's about responding promptly and doing what's right—and that customer today is still doing business with UPS."

#### **Elevating employees' value and collaboration.**

Most companies' values statements commit to fair and dignified treatment of employees, but some organizations' guiding principles elevate that commitment to another level.

- The Home Depot's "inverted pyramid," reinstated along with its "values wheel" by the new chief executive, places customers as its top priority but the company's associates a close second—with the CEO at the bottom. The company's business strategy adheres to these representations of its values. Its service model relies heavily on the enthusiastic participation of its associates, and accordingly, the company



gave out more in-store profit sharing to associates during the recession than during the housing boom. Another program, in which many senior managers work one day a week in a store, keeps its leadership connected to its employees and the culture.

- AT&T’s “Innovation Pipeline” encourages employees to submit product ideas. Colleagues are able to “invest” in their favorite ideas with virtual currency, and 130,000 of the company’s nearly quarter-million employees are participating. The top ideas are reviewed for possible funding. One popular example was a phone app that prevents a driver from texting or using email while behind the wheel.
- Upon his arrival, Ford’s new CEO wasted no time in instituting the One Ford values platform, with its “Working Together” plank, to unite separate regional operations that had evolved over many years. The communications chief noted that Ford was global in name but had grown up as many independent operations that failed to fully leverage their global scale or assets. “Thanks to One Ford and working together, Ford is a much different and stronger company today.”
- UPS uses social media to recognize employees who demonstrate the company’s values in their everyday actions. Facebook posts have profiled UPS drivers who responded to people in need in their communities, including drivers who saved lives. Exposing customers and stakeholders to the company’s values in action strongly resonates and generates significant employee pride. According to Unmetric, a social media benchmarking firm, UPS generated the top three most “liked” posts of the 10,000 corporate brands on Facebook since 2011.

**Shaping competitive responses.** While the temptation in a tense competitive environment can be to gloat over a rival’s misfortunes or dig in and respond in kind to a corporate broadside,

values-driven models have dictated behaviors of a different nature.

- For example, in the dog-eat-dog world of competition for defense contracts, Lockheed Martin’s CEO insists on adhering to the company’s commitments to “respect others” and “do what’s right.” These values have led him and Lockheed Martin to refuse to participate in the blood sport of attacking fellow bidders.
- Ford, for its part, had an opportunity to hit a competitor when it was down in the midst of a high-profile crisis. Instead, in keeping with its value of “Fostering Functional and Technical Excellence,” the company “applauded [the competitor’s] actions, took a look at its own systems and processes and opened its doors and compared notes. There were things Ford could learn.”

**Supporting brand refreshes.** In several cases, the change in values was coupled with a rebranding of the company that was further associated with a change in its organizational structure or business model.

- Cardinal Health introduced a new values-driven tagline, “Essential to care,” as part of an internal and external rebranding effort following the spinoff of its medical device business. The rebranding, according to the executive vice president for public affairs, was part of an effort to demonstrate the company’s essential role in improving the cost-effectiveness of health care. The tagline embodies both the company’s strategy and the culture of the organization, which views its role in the evolving health care system as both a privilege and a responsibility.
- Kraft Foods coupled its development of new values with its rebranding at the time of its spinoff from Altria, a major tobacco company. As a stand-alone consumer foods company, the company’s value “We inspire trust”—in the company and its products—is an especially criti-

cal element of its relationship with the public and plays a key role in decisions “every day.” Says the company’s former senior vice president of corporate and government affairs, “Pick the decision. Are we going to do a recall? People will say ‘we inspire trust.’ There’s a reason [our values] start with ‘trust’ and end with ‘we deliver.’” That commitment to inspiring trust also led the company to take the high road in the face of attacks during its hostile takeover of Cadbury. Ultimately, Cadbury credited the two companies’ similar values with playing a role in ensuring a smooth integration.

**Influencing selection of business or merger partners or geographies.** Several companies indicated that their responses to potential partners or markets had been shaped by the potential impact on company values.

- Dow’s communications leader said his company had passed on opportunities in markets where executives were not convinced they could operate with integrity. On the flip side, Dow indicated that its selection as the winning bidder by an acquisition target was largely driven by the acquiree’s view that the two companies shared similar values due to their similar roots as family-based organizations.
- ADM indicated that it had avoided business partnerships where the other party did not share its values, and ExxonMobil, too, stated that it had “turned its back” on potential deals over values concerns.
- Taking a different approach, Chevron recognizes that its employees work in parts of the world where value systems are very different, but makes it very clear they are nevertheless expected to behave according to the Chevron Way. For large global companies, the existence of a well-understood set of values gives them comfort that employees in far-flung corners of the world will act in accordance with those principles.

**Addressing mission-critical issues.** Many terms included in statements of principles—such as sustainability/the environment, safety, fair treatment of employees and exemplary corporate conduct—were once seen as “add-ons” but are now considered mission-critical. Several companies reported that values drove their actions with regard to the vital concern of safety.

- ADM launched a “cultural revolution” around safety, wrapped into its values of respect for people and the environment.
- Kroger noted that its commitment to the “Safety of our Associates” has made it “one of the safest places to work in America.”
- Marathon Oil explained that promoting safety is “far and away the top priority of everything we do” and a clear expectation not only of employees but also of contractors, a sentiment echoed in remarkably similar phrases by ExxonMobil’s communications chief.
- A Dow leader who earned the ire of customers by shutting down a plant over safety concerns, in keeping with the company’s values, was fully backed by his CEO.

**Guiding responses to internal and external crises.** Reference and adherence to a statement of values can serve as an indispensable tool in the face of crisis.

- Following a settlement with the U.S. government in 2009, Pfizer responded in alignment with its value of “integrity” with an aggressive compliance program where every employee took ownership of compliance. Mandatory training for all colleagues was critical to reinforcing policies and procedures, audits and monitoring of relationships with health care providers and government officials.
- WellPoint’s pro-customer values statement empowered its defense against a false charge of withholding treatment from a breast cancer

victim. The company's CEO noted the behavior ran counter to its "Customer First" commitment. Her spirited defense lifted employee morale and gave rise to the company-wide "I Am WellPoint" program, consisting of nearly 160 testimonials that expressed associates' pride in working for the company and how they were living out its values.

**Driving social responsibility thrusts and outreach.** It has long been clear that a values-oriented corporate social responsibility program can serve as a vehicle for building the kind of trust companies need to operate successfully in a range of environments.

- Building trust with local officials is especially important for companies that operate abroad. Marathon Oil's malaria control program in Equatorial Guinea drives home its commitment to sustainable development that goes beyond the direct economic benefits of the company's business operations. The capabilities and resources that multinationals can bring to bear in such areas can be important differentiators in markets where national operating companies now have acquired their own ability to extract resources and have less need for the services of western companies.
- The goodwill Pfizer had built with political and community leaders through its social responsibility efforts helped sustain the company when its reputation was badly damaged by a \$3.2 billion settlement with the Justice Department for promoting off-label use of its products. The company attracted letters of commendation from Cabinet officials, governors and members of Congress for the Maintain program that lived out its value of "community" by providing pharmaceuticals to the unemployed.
- JPMorgan Chase improved its image with many of the 250 big ideas developed in its "Way Forward" program that fall into the corporate social responsibility category. The ideas include increasing lending by billions of dollars to nonprofits, replacing fallen trees in New York City's Central Park and setting up home

loan community counseling centers.

- In keeping with its value of unleashing human capabilities, AT&T took out a full-page advertisement in *USA Today* to honor "employee superstars" who participate in community service.

**Emphasizing financial performance.** Corporate character, as an expression of the value a company delivers to its constituencies, involves responsibility to shareholders as well as to the community. Accordingly, a focus on financial performance is a legitimate and frequent subject in statements of company values.

- ExxonMobil's vice president for communications indicated that employees are counseled "from day one" that operating results are viewed as a consequence to adherence to the company's code of conduct.

**Finding 7. Most enterprises employ both internal and external measurement initiatives to determine the extent of their alignment with statements of company values.**

The companies surveyed employ a variety of means to measure their corporate performance vis-à-vis their values. These encompass annual reviews of corporate performance by their own executives, as well as sustainability and other audits by external organizations.

- Numerous companies mentioned annual or other periodic surveys of employees, customers and partners. At least two companies, Kraft and Best Buy, employ the Gallup Pulse Survey, and Best Buy cross-references it to employee retention at specific stores. Success in adhering to values also is discussed in workshops.
- Marathon Oil and UPS participate in environmental reporting by agencies such as the Carbon Disclosure Project to provide external benchmarks for performance on their values relating to environmental stewardship.

- IBM engages in an annual “gap analysis” to determine whether and where the company falls short of embodying its values in its business.

Many participants indicate, however, that it has been difficult to determine the return on investment of values. Indeed, many believe that this kind of measurement may not only be impossible, but irrelevant. Few seemed interested in measuring return on investment, reflecting a view held by many that they “just know” that activating values ultimately has an impact on the bottom line.

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

The Arthur W. Page Society has posited an emerging leadership role for the CCO in the alignment of values to strategy, business models and operating practices. This proposed framework anticipates that the CCO would collaborate with C-Suite peers to ensure the company not only “looks like” and “sounds like” its values but also “thinks like” and “performs like” its stated character. That role will be especially important as business models increasingly involve the use of social media and other external channels to mobilize support and action. A collaborative effort will be necessary because, as alignment activity passes down the continuum from “looks like” to “performs like,” the effort increasingly involves multiple responsibilities that the CCO does not own.

In practice, CCOs in nearly all of the companies have a traditional role in the definition, activation and alignment processes—managing communications within the accustomed “looks like” and “sounds like” spheres. For example, the communications head at Kroger described that role as “a guardian of what we are saying outside and making sure it aligns with what we are saying inside.”

In a number of companies, however, the CCO also fills either the “collaborative leadership”

role anticipated for the alignment process or something similar:

- Dow’s CCO enjoys a direct reporting relationship to the CEO with a remit that includes corporate reputation. His function, in close cooperation with Public Affairs and Ethics/Compliance, “socializes and makes [values] operational.”
- Kraft’s former senior vice president of corporate and government affairs described her role as “lead[ing] the team ... a triumvirate of Corporate Affairs, HR and Marketing”—a team that worked “collectively because we knew in order to make this work, skill sets went across those three groups.” Her group played an important role in managing aspects of critical business initiatives, such as the company’s acquisition of Cadbury.
- Verizon’s CCO is working in close cooperation with the CEO and Human Resources. While the process was initiated by the CEO, who was then the company’s chief operating officer, Communications is responsible for creation, messaging and delivery. From there, pushing the Credo forward is the responsibility of every senior leader at Verizon as the “constitution” through which the company transforms its culture and business.
- Although IBM’s CCO credits the CEO as the “keeper” of the values, the CEO considers the communications function an “integrating force” within the company. She routinely pairs the CCO with other C-Suite peers, such as the heads of human resources and sales, on projects to ensure that “what makes IBM IBM” is expressed through operations and systems.
- At Ford, while not the initiators or leaders of a collaborative process, the senior communications officers clearly have “seats at the table”: They are integral parts of a cohesive leadership team that is primarily responsible for maintaining, updating and activating deeply ingrained values within the company.

## PART IV. CASE STUDIES

Three of the 25 companies shared stories that illustrate how many of the findings come together successfully to build a strong corporate character that impacts the organization and its results. While each is different, the stories depicted in the following three case histories involve companies that have worked through most of the three essential stages of creating a more values-based culture that impacts the business.

### Case Study #1 - Cardinal Health: Highlighting “Essential” Behaviors

For Cardinal Health, which is focused on improving the cost-effectiveness of health care, a change in business strategy proved an impetus for the redefinition process. While the company had in place a serviceable purpose statement and values, its leadership wanted to refresh these when the company spun off its medical device business, CareFusion. The new purpose statement and values aimed to focus on what it would take to be successful in the changing health care landscape.

According to Executive Vice President of Public Affairs Shelley Bird, leadership was looking for a statement that was “informal and conversational,” with concepts that were “not meant to be memorized” or “rattled off verbatim” but instead designed to engage employees in a “dialogue.”

Rather than throw out its existing values, Cardinal Health focused on the next level—valued behaviors—producing a document called “Leadership Essentials.”

### Defining the Values

To refresh its values, the company pursued an extensive and inclusive “oratorio” process<sup>2</sup> led by Bird and the company’s chief human resources officer. The effort started with the Executive Committee, the 10 most senior people in the organization. This leadership group held an off-site to examine “who are we, what we do and what we want to stand for,” including a “pretty honest look at aspects of our culture that we felt needed to be changed.”

The process was then extended to the next two levels of executives: the Operating Committee and the Global Leadership team (approximately 90 people) covering the leadership of every corporate function and business unit in the company. Ultimately, that first round of work was taken by Chairman and CEO George Barrett to an all-employee town hall meeting to kick off a broader discussion.

Following the town hall meeting, employees were given an opportunity to respond to the proposed Leadership Essentials via the com-

<sup>2</sup> An approach that was both top-down, led by senior management, and bottoms-up, with input from employees across the company. See page 16 of this report for more on this concept.



pany intranet, a prospect Bird viewed with some trepidation. She worried that the leadership would get too much feedback but recognized that “if we engage employees to that degree, we have to make sure their voices are actually heard and carefully considered.” Values drove the process forward.

Turns out she needn’t have worried. “There was a lot of consistency in the comments, and it felt good that we all seemed to be on the same page,” Bird related. “It also helped that the senior leaders didn’t seem disconnected from employees.” In fact, the opportunity for participation reinforced the very purpose of the behaviors. “Having more direct, open conversations was part of the behavior expectation. We wanted people to take initiative, take ownership.”

The process resulted in seven statements that translated the company’s values into clear behaviors:

- “We are tenacious in fulfilling our commitment to customers.”
- “We are accountable for high performance and to each other.”
- “We are inventive and adaptable.”
- “We bring a sense of optimism, enthusiasm and competitive spirit to our work.”
- “We are genuine, open, direct and respectful.”
- “We can be trusted to do the right thing.”
- “We are inclusive and work together with confidence and trust.”

Bird was delighted with the outcome: “What we had before, while accurate, felt a lot drier—a little too ‘corporate-speaky.’” The refreshed values are “engaging and approachable.”

## Activating the Values

As was the case with many companies interviewed, the definition and activation processes were not completely sequential. Bird, who sits on the Executive Committee and therefore was able to participate as an executive as well as a functional leader, noted that “Approaching how we develop and cascade priorities to employees was the cornerstone of the plan to begin with.”

Early on, Bird and the Executive Committee engaged Human Resources partners across the company to ensure the definition of desired behaviors cascaded down through the business units, starting with a specific communications plan that served as a “relaunch of Cardinal Health” to its employees.

Under the plan, management across the company benefited from a toolkit and “huddle scripts” for small group meetings in introducing the values, which are referenced “all the time” in communications and on the intranet. The behaviors, along with the company’s Leadership Essentials, are incorporated into performance evaluations. “Our reviews consider both the ‘what’ and the ‘how’ of performance”—and in self-assessments, in which employees work with their managers to identify gaps and areas for improvement. Outstanding demonstration of the company’s values is the basis of the Founder’s Award, Cardinal Health’s highest recognition, accorded to employees annually.

As a result, the values have become deeply embedded into the culture, “part of our nomenclature ... they form the basis of how we expect folks to show up every day at work.”

Critical to the program’s success was the commitment and determined follow-through of CEO Barrett. Bird notes, “He really believes in these. He’s a wonderful CEO that way. The values and the Leadership Essentials show up a lot in his

communications.” Under Bird’s guidance, Barrett adopted the notion of the “host”: “Like when people show up at your home, you want them to feel comfortable—he pushes, challenges, does it in a way like you’re in it together.” That posture enables a true dialogue in which employees now feel comfortable firing questions at the CEO, and vice versa. The result, according to Bird, is “confidence and trust. Look, any question is fine. There are no stupid questions.”

### Aligning with Values

The alignment process coincided with the internal launch, in the form of a brand refresh with a new tag line connected to the values. In addition, the values are tied closely to Cardinal Health’s business strategy. Bird notes, “Health care is a highly regulated industry, so ‘we can be trusted to do the right thing’ shows up a lot in terms of how we work with our customers and the expectations of our company vis-à-vis various regulatory agencies.”

The values are further incorporated into relationships with vendors. “We talk about what we expect with interactions internal and external.” Like other companies, Cardinal Health measures the impact of its values on the business using pulse surveys, and develops action plans based on the data.

Bird observed that the worth of the behaviors truly hit home in the wake of the tornado that struck Joplin, Missouri, in 2011. Cardinal Health responded in force when an entire hospital needed to be evacuated. “This is where values really show up for people,” she said. “Cardinal Health employees do amazing things every day, but when a crisis like that hits, they really shine.”

Cardinal Health’s public affairs head is especially taken with many of the word choices used to express the values. She points out that “inventive” was a deliberate choice over the over-used “innovative,” and especially zeroes in on two terms:

“Is ‘tenacious’ too aggressive? I like that because I do think we are tenacious. And being ‘trusted to do the right thing’? If I had to pick the foundation, I’d probably say that’s the one.”

### Case Study #2 - The Home Depot: “Circling Back” ...and Forward

Sometimes the best place to rediscover a company’s values is right back where you started. That’s proven to be the case with The Home Depot, the nationwide retailer of home improvement and construction products and services.

#### (Re)defining the Values

According to Brad Shaw, vice president of corporate communications and external affairs, the heart and soul of the 33-year-old chain was expressed in a diagram passed down from founders Bernie Marcus and Arthur Blank: the Values Wheel. Designed in a circle so that no aspect stands above the others, it articulates the company’s core values:

- Customer Service
- Strong Relationships
- Respect for People
- Shareholder Value
- Giving Back
- Taking Care of Our People

The Values Wheel is so ingrained in the corporate culture that Shaw estimates The Home Depot’s associates have hand-painted the values onto the walls of the break rooms in “at least three-quarters of our stores.”

A second important element of the company’s values was expressed in a second symbol: the Inverted Pyramid, which shows customers at the top, with associates just below and the CEO at the bottom. The point, Shaw explains, is that “we’ve got to give associates and customers a voice.”

For much of the early 2000s, under prior management, the Values Wheel and Inverted Pyramid were not actively emphasized or reinforced and generally took a back seat to other communications priorities.

When new CEO Frank Blake arrived in 2007, he wasted no time in bringing the values back to the forefront. As Shaw relates: “Day one, literally, we had an internal TV broadcast. The first thing Frank did [was] read from *Built from Scratch* (Marcus and Blank’s memoir) ... and the only visuals he showed were the Values Wheel and the Inverted Pyramid. It was a huge signal—a bell ringing inside the company.” Blake, building on the founders’ vision, had recognized that “You’ve got to let associates own the culture.”

Shaw indicates that Blake considers one of the most important roles he plays as CEO to be “making sure the company communicates, supports and recognizes [the company’s] values.” That view proved on target, as the CEO’s embrace of the company’s legacy spoke to his respect for and understanding of the deep-seated “ownership” that associates felt for the values and culture that defined the company since its beginning.

### **Activating the Values**

When it comes to driving home the values, Shaw points directly to the top of the Inverted Pyramid: “If we don’t deliver excellent customer service, nothing else matters. So you see it everywhere in everything we do. We celebrate and recognize it.”

Outstanding service has been recognized on a number of levels, including by the reinstatement of the “Homer Badge” (a patch worn on associates’ trademark orange aprons) and a Legends program, in which outstanding employees are featured on a broadcast for store managers and which is later rolled up into an annual book.

To further demonstrate leadership’s commitment to staying in touch with associates and keeping them at the top of the hierarchy, Blake instituted a program in which each quarter, a number of the company’s top officers work one day a week at a store. Shaw, who has worked several stints in stores, observes that “You get to know the associates and customers—it keeps [management] connected to the culture.”

### **Aligning with Values**

Shaw insists, “You hear stories about the Disney magic—here it really is the values, the reliance on service in our model, a different level of engagement. You have to have happy, knowledgeable people. If someone loves their job, that translates to sales.” And in fact, the company’s overall corporate strategy, known as its “three-legged stool,” includes customer service as one of its three strategic pillars.

To ensure “happy, knowledgeable people,” The Home Depot has built into the model “success sharing”—a form of profit-sharing for frontline store associates. Shaw points out that the company gave out more in success-sharing bonuses during the recession than during the housing boom. “We continue giving back to our associates in terms of pay and benefits.”

That emphasis on treating associates well as the key to good customer service remained consistent through the business’s ups and downs following the housing collapse. “The crises that we faced were really around managing the pain of refocusing on our core in the face of the worst housing collapse in history. We closed some underperforming stores, shut down retail concepts that didn’t work and shed our supply business, among other moves,” Shaw explains. “In every one of those cases, we tried to find jobs for those impacted by those decisions, and when we couldn’t, those associates were treated well and with respect. There was relatively little noise from our associate base from the way we handled those decisions.”



The company uses an employee survey to measure its success in living up to its values, with an extremely high participation rate and steady increases in key metrics tracked by the company.

The Home Depot's value of "Strong Relationships" allows the company to include suppliers in that family circle as well. Beyond a zero-tolerance policy on accepting gifts from vendors, the company brings its vendor partners into its foundation's fundraising events to work alongside its associates and merchants in the community. Shaw explains that "It's a great way to get suppliers into the room and an opportunity to tell our story, and it really has become an extension of how we create our corporate philanthropy."

In Shaw's words, The Home Depot has used the return to its Inverted Pyramid and Values Wheel to "circle back" to its founding, principles-driven formula of happy associates providing great customer service. The result: a stock price that, as of the date of this publication, had nearly quadrupled from its lows at the time of the financial crisis.

### **Case Study #3 - ADM: Making a Virtue out of "Resourcefulness"**

The Archer Daniels Midland Company, one of the world's leading agricultural processors, is making a virtue out of "resourcefulness," literally. The term is one of six core values — along with Integrity, Respect, Excellence, Teamwork and Responsibility — evolved from the company's ADM Way code of conduct under the leadership of Victoria Podesta, vice president and chief communications officer. This demonstrates how a statement of values can reflect not only a company's business but also the creativity of its communications team.

#### **Defining the Values**

ADM's statement of values began to evolve when Podesta and CEO Patricia A. Woertz, who joined the company at the same time in 2006, began to extrapolate informally certain aspects of the ADM Way. The two executives began to recast them as

ADM values and began to call them out through an awards program called Values in Action.

But leadership also determined that they wanted to undertake a process to redefine the ADM Way and expand the definition, in Podesta's words, "to be not just what we do, but how we're going to do it."

The process Podesta put in place began with focus groups, run by the corporate communications team and comprised of colleagues representing workforce groups. Members were given "pre-work" to help them understand what values are and how to talk about them, and were then asked to consider two key questions: "What would you consider ADM's values to be today, implicit and explicit? Are the explicit ones the ones that serve us?" The focus group members were also requested to consider what ADM's vision was — and what values would be needed to achieve it.

Corporate Communications synthesized the resulting concepts, working closely with the Office of Compliance, which had owned the ADM Way. After a series of discussions, additions and deletions involving the business unit leaders, a Leadership Engagement Group of other senior managers and then the top 30 executives in the company, a draft was presented to the Leadership Forum of about 150 leaders in the company. The Leadership Forum, after providing feedback on certain wording, approved two versions of the resulting values: a longer narrative and a "nutshell" version, which lists the value with a one-sentence explanation.

During the process, a few substantive changes were made, including an emphasis on the environment that was added to the value of "Respect" and a reference to "Innovation" that was dropped because it was not a priority for a commodity transporter and processor. According to Podesta, however, the Senior Leadership Team felt strongly that the company needed to add "Excellence" as a pillar to drive change and build in a culture committed to that value.

In her telling, “Resourcefulness” has two core meanings: “We work with resources—we handle corn, oilseeds, wheat, rice and cocoa around the world. We make the most of every kernel, grain and seed [to] make sure nothing goes to waste. We’re also very resourceful in the way we work. If there’s a better way to do it, we find it. And we’re a low-cost producer.”

### Activating the Values

Once the values were in place, Podesta and her team set to work driving them into the culture with a global town hall meeting, posters, collateral pieces, a video featuring colleagues who had participated in the focus groups and a “vision map” that “pulls together the whole ADM Way.”

The values have not yet been made part of the evaluation process for rank-and-file employees—to avoid “initiative overload,” in the CCO’s words. Yet their incorporation into the executive bonus program is an important step in the activation process. To earn part of their bonuses, executives must not only observe aspects of the Code of Conduct, but also hold dialogue sessions with their teams on the ADM Way.

The value of “Respect” was especially driven home in one aspect: safety. “We launched a cultural revolution around safety in this company,” Podesta explains. CEO Woertz used the safety issue as a catalyst to rebuild the culture around values. “In safety, you’re starting with a ‘people’ matter,” explains Podesta. “When that got built into the company and people saw change around [safety], you’re building on something.”

### Aligning with Values

At the time of this research, ADM was still just moving into the alignment process. “We’re starting to have very interesting conversations [about being a] most respected company,” says Podesta. “When business decisions are made, we’re referencing what the most admired company would do. Our vision is to be the most admired agri-

business. Creating value. Growing responsibly. Serving vital needs.”

In addition to safety, Podesta pointed out one area in which their values-driven strategy is taking hold: joint-venture decisions. “Our first value is ‘Integrity,’ and there have been decisions not to go into joint-venture partnerships in various parts of the world because we felt we could not work with partners [without running] afoul of the ADM Way.” Leadership has had “a lot of discussions” about how to operate in countries where ethical considerations are not as prominent as in the U.S.

Podesta pointed out an intriguing challenge faced by her boss—the relatively placid waters in which ADM operated when the two joined the company. “You have opportunity when you have a burning platform: the company’s in trouble; we’re not going to make it if we don’t take stock and change,” she observed. “The hardest thing to do, which is what Pat had to do, is to come in as an outsider when you have a company doing well and still see the opportunity for improvement.”

When you put that proposition in front of the organization, Podesta muses, you get the questions, why should we bother doing this? Why do we need this? “Then it has to be a leader with a compelling enough vision of what we could be—‘what’s in it for you?’—so they get excited about going on this journey with you,” she continued. “Pat has that vision. Now we have the challenge in front of us—how do you make it clear how living our values drives business, and keep tying everything to that?”

The answer, according to Podesta, is to provide coaching to the company’s leaders that drives home the relationship between good values and good business results and points out not only where financial performance falls short, but gaps in performance on values. In short, linking good business performance to good values is about being, in a word, “resourceful.”

## PART V. TEN ACTION STEPS FOR ENTERPRISES IN DRIVING CORPORATE CHARACTER

We believe this report's findings underscore the value of the approach proposed in *Building Belief*. To build shared belief and advocacy at scale—both internally and externally—organizations must first define (or redefine), activate and align corporate values throughout the enterprise.

Drawing from the experience of the companies who completed one, two or all three stages of the corporate character-building process and the varying roles of chief communications officers, we recommend 10 steps for enterprises to consider. These steps can be divided into those same three categories:

### Define Values

1. **Ensure CEO commitment.** A common element of successful redefinition processes was a strong commitment from the chief executive. CEO involvement is vital to ensuring that the process of redefining values, as well as activation and alignment, is seen as a core initiative of the company and not merely window-dressing or a narrower Communications or Human Resources project.
2. **Create collaboration at the top.** Most successful redefinition models also involved a collaborative team of C-Suite executives, including the top human resources executive, the chief marketing officer and often the CCO. In this role, the CCO often managed input received from other executives, employees and external stakeholders and “held the pen” with her or his team in crafting values. As the values develop, the CCO could become their “keeper” alongside the CEO.
3. **Build on the best of existing values and culture.** Values, by definition, should be enduring principles that are deeply ingrained in a company's culture, model and business strategies, with heritage holding extraordinary value as a source of pride and cohesion. While the expression of values should be refreshed on a regular basis, far-reaching changes should be reserved for major transformations in a company's markets, direction or business model. Even then, companies should recognize the pride of employees in what they have created—and that every culture has positive aspects—and build on elements of existing values where possible.
4. **Assess needs and values of all stakeholders.** The redefinition process should involve a wide-ranging assessment and review to ensure values not only define the company's identity but also express how it relates to and creates value for internal and external constituencies. That review will likely involve the needs and values of customers, communities and other stakeholders, as well as the role and importance of employees.
5. **Include the entire team, from leadership to the rank and file.** Employees are more likely to respond to values that they “own.” Although the process should benefit from extensive

involvement of the CEO and the company's leadership, a better process will involve significant input from employees, either directly or through representative groups (focus groups or employee networks) and be vetted with outside parties, including the Board of Directors and key stakeholders.

### 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.** These valued behaviors will serve as logical extensions of the principles that can be easily observed and modeled, and help further define the values in the eyes of employees. It would be natural for the executive in charge of Human Resources to develop these behaviors and work with the CCO to determine how best to drive behavior adoption throughout the company.
7. **Tell the story through consistent and far-reaching communications.** Perhaps the most important means of activating values in a company's culture is to communicate them at every opportunity and through every channel. This is most critical from the top of the company in CEO and other executive communications. Perhaps the most effective way to communicate values is to tell the stories of employees whose actions and behaviors exemplify the values.
8. **Create a series of actions and initiatives that reinforce and reward the desired behaviors.** Experts indicate that reinforcing valued behaviors can begin with the identification and deployment of a cadre of informal leaders with a strong sense of the company's culture and a reputation for living out its values. At the same time, companies should put in place formal, intentional processes to promote behaviors. In the companies surveyed, these have included extensive training programs, employee

surveys, performance evaluations and reviews, and awards and recognition programs. In addition, companies should consider developing formal programs to work with vendors, suppliers and partners to ensure that relationships are managed in keeping with defined values and 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.** The ultimate goal is to make the company mission- or purpose-driven, with the development of value for key stakeholders at the center of its model and strategy. While many of the responsibilities involved will not be owned by the CCO, as the corporate “keeper” of the values, the CCO should have a critical, ongoing role in driving that process forward and providing internal thought leadership. This leadership should empower the CCO to influence not only on whether the company “looks like” and “sounds like” its stated values, but also “thinks like” and “performs like” them.
10. **Wherever possible, develop appropriate internal and external measurements of the impact of values on the company's business strategies and results.** These measurements can range from employee and stakeholder surveys, to cooperation with external efforts—for example, by advocacy and social investment organizations—to executive gap analyses and hard business metrics, such as customer satisfaction.

Not all companies implemented every one of these steps, but many performed most of them. The steps are not always pursued sequentially. In some cases, companies worked on multiple steps simultaneously. For example, thinking about aligning values with strategy and business model while defining or redefining values can be very

helpful. It's clear based on the research that organizations that complete most of the journey find it extremely helpful to their efforts to engage their employees and other stakeholders. They believe this can create a stronger brand and corporate reputation, as well as provide the foundation for competitive advantage in the marketplace.

In short, the research reveals that many of the world's largest and most successful companies believe values have value. Defining, activating and aligning values in a systematic way—preferably with the committed involvement of senior management, input from employees and a central role for the CCO—has become a widely accepted practice in corporate life and a means for developing culture, driving performance and earning trust.



## APPENDIX

### Appendix 1: Dallas Insight Forum Adds Valuable Perspectives to Corporate Character

“So does this culture stuff really work?” Southwest Airlines Senior Vice President of Culture and Communications Ginger Hardage lightheartedly queried, as she opened her presentation to the Arthur W. Page Society’s Insight Forum in Dallas on March 7, 2013.

The answer from the 38 attendees, representing leading companies in industries ranging from logistics to transportation to telecom to financial services: a resounding “Yes!” In fact, presenter Jon Katzenbach of the Katzenbach Center at Booz & Company insisted that culture not only matters, “It can make or break your company.”

In addition to Katzenbach, an expert in leading cultural change, forum participants heard from chief communications officers who had led or were leading values, branding or cultural refreshes, and also had the opportunity to preview *Corporate Character*. Together, the attendees offered a range of perspectives and experiences that are reflected in the action steps recommended in the report.

The day’s key takeaways were driven home repeatedly by the hosts and presenters and included:

- **The importance of heritage.** Presenters and participants alike agreed that while values and cultures need to change over time, the best results come from preserving the positive elements of existing culture and building on them. Katzenbach pointed out that “cultures are never all good or bad,” and that in keeping with his strategy of the “critical few,” companies working through a values and culture refresh should find the few critical behaviors that require

attention and focus on those. Victoria Podesta of ADM, whose efforts are profiled in a case study in this paper, pointed out that her leadership did not use the word “change” until several years into their process of redefining and activating their values.

Hardage, who hosted the event at Southwest’s Love Field headquarters, noted that while the airline needed to change its business to keep up with the times, the company continued to idealize the past and hold onto its values and traditions. Wendi Strong, executive vice president and CCO, Enterprise Affairs at USAA, pointed out that the strong identification of internal and external audiences with the military insurer’s long-time values made it critical that they be preserved and reinforced in the course of an internal and external rebranding effort.

- **The vital role of behaviors in reinforcing values.** Much of the forum focused on the importance of establishing valued behaviors as a way of bringing values to life. Strong noted that while USAA kept its values in place, a wide range of interpretations of those values had arisen over the years, and a process of associating clear behaviors with those values made it possible to clarify their meaning.

Meanwhile, Hardage demonstrated how employee behaviors can connect the dots from values to culture to business strategy. Citing President Emeritus Colleen Barrett’s observation that Southwest is “a great customer service organization that happens to be in the airline business,” Hardage shared the company’s success formula: happy employees lead to happy

customers, which leads to happy shareholders and stakeholders. That strategy starts with hiring the right people, instilling in them a “servant’s heart, a warrior spirit and a fun-LUVing attitude,” a statement that incorporates the company’s stock symbol (LUV). Employees are then set loose to perform extraordinary acts of kindness to passengers and the community, ranging from comforting a young patient about to undergo life-threatening surgery to going out of their way to hold a plane for a passenger headed to a family funeral.

Podesta pointed out the critical question in the redefinition process: “If we live these values, will we get to the company we want to be?” She encouraged her peers to look for a few “champions”—influencers who are “passionate supporters as well as the biggest critics.” Katzenbach summarized by calling for a focus not only on these few key motivators but also a “critical few” behaviors to change: “Mindsets follow behaviors that demonstrate results.”

- **The power of stories.** Another key focus of the event was the power of stories to enable employees and external stakeholders to zero in on values and behaviors. USAA highlighted the moving stories of the military members and families the organization serves as well as employees who went above and beyond to help them to articulate the company’s unique value proposition. Hardage underscored the importance of “telling the story visually,” and noted that Southwest’s headquarters is bedecked from one end to the other with reminders of its employees’ efforts and customers’ appreciation.
- **The need for intentionality and structures in activating and aligning values.** Activation and alignment don’t just happen. They are the

products of processes and structures that keep the company’s values in front of employees and empower employees to act on them. Southwest’s extensive efforts to “put people first” extend from more than \$1 million a day in profit-sharing and never having engaged in layoffs, to a Culture Committee that cleans planes and cooks dinners on behalf of fellow employees, to an internal Customer Care team that sends cards, flowers and gifts from CEO Gary Kelly to observe employee life events.

- **The indispensable role of collaboration.** The role of collaboration is becoming so important to success in defining, activating and aligning with values that one participant suggested the title of an organization’s head of communications might well evolve to “chief collaboration officer.” Strong pointed out that the more the communication team “let go” of the more internal brand management and behaviors definition process to their partners in Human Resources, the faster the process moved. The key was that USAA “got the right people to rally around the effort.”

In redefining the ADM Way, Podesta and CEO Pat Woertz engaged in an extensive process that drew upon cross-functional employee groups from around the world, teams of internal leaders, the Board of Directors and the entire Executive Committee. Podesta underscored that this process allowed employees and leaders alike to recognize their input in the ultimate expression of the new values and behaviors, which helped them resonate. As speaker Maril MacDonald, CEO of Gagen MacDonald, pointed out, this kind of collaborative effort is critical as neuroscience increasingly demonstrates that “if we create it, we love it.”

## Appendix 2: Research Methodology

As part of its continued thought leadership following the publication of *The Authentic Enterprise*, the Arthur W. Page Society began this research project in the spring of 2011. The focus was on the importance of values to corporations and how corporations were building and sustaining them. In particular, we sought to determine whether there was an emerging model or process related to values and culture that could be useful to chief communications officers and the enterprises they serve.

The project team determined that it would conduct a series of interviews to uncover more qualitative information on values rather than conduct a quantitative survey. This decision was based largely on our experience with other research, which led us to the view that a qualitative approach would provide richer information and spur more dialogue. We elected to conduct the survey among Fortune 50 companies, as the largest companies would provide a good starting point that could generate further discussion by other companies that also have much to contribute on the subject of values.

A research instrument was devised and tested with several companies before fielding. It consisted of five questions:

### 1. Do you have a set of defined values at COMPANYX? If so, what are they?

- What are your values drivers? Are these reflective of your culture, or do you see them driving your culture?
- Written? Just understood?
- Beyond employees, what other audiences will benefit from them?

### 2. How were your values/values system developed?

- Who drove the process; who contributed/how? Role of the CCO/C-Suite?

- Did employees have input/how?
- What is the process to establish/review/refresh them?

### 3. How have they been used in the organization?

- Strategy development? Examples?
- Decision-making? Examples?
- Communication to employees? Senior leaders'/managers' role?
- Training? Recognition programs?
- Punishment for violating values?
- Inclusion in performance reviews, incentives?
- Dissemination/reinforcement to outside stakeholders/how?

### 4. How do you measure the impact of your values on the business?

- Periodic surveys of employees (what are they/how often/process)? Are they focused on awareness, observed behaviors, rewards/punishments?
- Periodic surveys of stakeholders (awareness, experience with the company's behaviors)?
- How do various audiences hold you to your values?
- Have you determined a way to measure ROI and the impact on business drivers such as financial performance, attracting/retaining talent and/or customers, etc.?

### 5. Have your values ever been tested in situations that present significant challenge or opportunity? (e.g., acquisition, tremendous period of growth, decay of sector, crisis, management succession, etc.)



Interviews were requested of the CCOs at the Fortune 50 companies, and phone interviews were conducted with the 25 who responded. At least two individuals on the project team conducted each interview, which generally took about an hour. In some cases, the CEO was made available for a short interview to provide additional context, and secondary research was conducted where necessary, such as review of company websites and/or materials provided by the respondents.

Prior to publication, the Society previewed a draft with each of the companies interviewed, updating information where required. We also shared our findings with 38 Page members and guests at an Insight Forum at Southwest Airlines headquarters at Love Field in Dallas on March 7, 2013.

### Appendix 3: Study Participants

Chief communications officers from the following organizations participated in the interviews:

Archer Daniels Midland	General Motors	Sears
AT&T	The Home Depot	United Healthcare Group
Best Buy	IBM	UPS
Cardinal Health	JPMorgan Chase	Verizon
Chevron	Kraft Foods	Walgreens
Dow Chemical	Kroger	WellPoint
ExxonMobil	Lockheed Martin	Wells Fargo
Ford	Marathon Oil	
General Electric	Pfizer	

\*Note: In addition to the 25 interview respondents, many Page Society member organizations contributed to the findings of the report as part of the Dallas Insight Forum held on March 7, 2013.

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## PAGE PHILOSOPHY AND PAGE PRINCIPLES

### The Page Philosophy

Arthur W. Page viewed public relations as the art of developing, understanding and communicating character—both corporate and individual. This vision was a natural outgrowth of his belief in humanism and freedom as America’s guiding characteristics and as preconditions for capitalism. The successful corporation, Page believed, must shape its character in concert with the nation’s. It must operate in the public interest, manage for the long run and make customer satisfaction its primary goal. He described the dynamic this way: “Real success, both for big business and the public, lies in large enterprise conducting itself in the public interest and in such a way that the public will give it sufficient freedom to serve effectively.”

### The Page Principles

- *Tell the truth.* Let the public know what’s happening and provide an accurate picture of the company’s character, ideals and practices.
- *Prove it with action.* Public perception of an organization is determined 90 percent by what it does and 10 percent by what it says.
- *Listen to the customer.* To serve the company well, understand what the public wants and needs. Keep top decision makers and other employees informed about public reaction to company products, policies and practices.
- *Manage for tomorrow.* Anticipate public reaction and eliminate practices that create difficulties. Generate goodwill.
- *Conduct public relations as if the whole company depends on it.* Corporate relations is a management function. No corporate strategy should be implemented without considering its impact on the public. The public relations professional is a policymaker capable of handling a wide range of corporate communications activities.
- *Realize a company’s true character is expressed by its people.* The strongest opinions – good or bad – about a company are shaped by the words and deeds of its employees. As a result, every employee – active or retired – is involved with public relations. It is the responsibility of corporate communications to support each employee’s capability and desire to be an honest, knowledgeable ambassador to customers, friends, shareowners and public officials.
- *Remain calm, patient and good-humored.* Lay the groundwork for public relations miracles with consistent and reasoned attention to information and contacts. This may be difficult with today’s contentious 24-hour news cycles and endless number of watchdog organizations. But when a crisis arises, remember, cool heads communicate best.

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