



LEAVE MY VALUES ALONE, I ONLY WORK HERE

GLOBAL COMPANIES WITH A STRONG, SHARED CULTURE HAVE AN ADVANTAGE. THEIR PEOPLE CAN WORK TOGETHER MORE QUICKLY AND EASILY BASED ON A CLEAR, COLLECTIVE IDEA OF 'HOW WE DO THINGS AROUND HERE'. AS A RESULT, MANY COMPANIES INVEST HEAVILY IN BUILDING THESE SHARED 'CORPORATE VALUES' ACROSS THEIR GLOBAL WORKFORCE. HOWEVER, KEVAN HALL, CEO OF GLOBAL INTEGRATION, BELIEVES THAT MUCH OF THIS INVESTMENT IS WASTED...

VALUES ARE NONE OF OUR BUSINESS

I believe that:

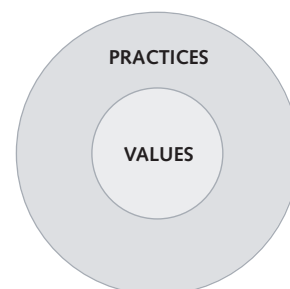
1. True values are resistant to change and really none of our business – we should focus on explicit practices instead, which are easier to implement and more inclusive.
2. There is little business advantage to most people sharing values or even practices.

We surveyed over 70 of what corporations call 'value statements' on the Internet. The six below appear over 50% of the time.

QUALITY	90%
INTEGRITY	72%
FOCUS ON CUSTOMERS	68%
RECRUIT THE BEST AND RESPECT THEM	62%
WORK WELL TOGETHER IN TEAMS	52%
CREATE INNOVATION	52%

Given that most businesses (successful and unsuccessful) say pretty much the same thing about their 'values', then it is clear that the precise content of the values brings no real competitive advantage.

With the exception of integrity, these are not actually values at all but *practices*. In all cases they are hard to argue against in principle but irrelevant until we turn them into practical actions and behaviour.



It is also impossible to know the values that people really hold privately at work; all we can observe is their behaviour.

True values are often deeply held beliefs, set at a very young age through family and cultural influences, and very difficult to change. As one young salesperson asked me in Russia, "What right have you to tell me to change my values, you are only my employer". We also risk alienating people who hold different values and undermining the diversity we have worked so hard to bring onto our organisations by subjecting it to a sausage machine designed to promote conformity.

Most people, however, are much more able and willing, irrespective of their culture, to adopt shared practices that make the organisation work more effectively, when cooperating with colleagues from other parts of the world.

Corporate values are shaped by the personality of the founders and by the home culture of the organisation. During the early stage of globalisation, particularly if a company grows organically, these are often carried into new locations without a great deal of thought.

If growth is 'seeded' by people from the home culture, we will tend to select people who already 'fit the culture' and export ways of working that match the existing home culture pretty naturally.

Where growth comes by acquisition, the clash of two existing cultures can be more obvious.

EXAMPLE

A Dutch multinational developed a set of corporate values based on its highly successful business in the Netherlands. Two of the principles, based on the character of its founder and Dutch values of directness and honesty, were; *"clear, direct communication"* and *"challenge openly"*.

As the business grew by acquisition, the senior managers were frustrated by what they saw as the indirectness and lack of challenge they received from their people in Indonesia.

The Indonesians were appalled by what they saw as the rudeness and disrespect of the people that arrived from head office to Jakarta. Even younger managers would argue openly with senior Indonesian colleagues in meetings. Despite the fact that the Dutch company had bought the Indonesian company primarily for the quality of its people and their relationships in their industry, many of the best people left.

If we specify our values too clearly, they may be hard to apply in different cultures. If they are too abstract and can be interpreted completely differently around the world, they may become meaningless in speeding up cooperation.

It can be tempting to produce global values that are at a very high level and then allow local interpretation but this can also have its dangers.

For example, an Indian subsidiary of a Canadian multinational took its values seriously – one of the key ones was 'Integrity'. An Indian manager was surprised when he was challenged for giving a job to one of his, suitably qualified, relatives. *"How can a person have integrity if they do not look after their family?"*

"an explicit, shared set of practices is more inclusive, not less."

One objection to common values is that it undermines the diversity we have worked so hard to recruit. However, I have seen in our work with over 40,000 people in over 200 multinational organisations that an explicit, shared set of practices is more inclusive, not less.

By not trying to change values, we protect more diversity at a personal level. By having explicit shared practices we make our way of working equally accessible to everyone. If we have power cliques, bound by close relationships, our system is hard to penetrate and members of the dominant culture - who share that way of working - >

CROSS-CULTURAL COMMUNICATION

A SURVEY BY ACCENTURE HAS REVEALED HOW MIS-COMMUNICATION AND A LACK OF CROSS-CULTURAL UNDERSTANDING CAN HINDER THE EFFECTIVENESS OF GLOBAL PRODUCTIVITY AND SOURCING.

The most commonly cited impediments to better knowledge capture and sharing were:

- A lack of a common business culture across different locations (cited by 38%)
- No knowledge support infrastructure with dedicated people (37%)
- The fact that knowledge sharing is typically not rewarded in the organisation (32%)
- Different communications styles (76%)
- Different approaches to completing tasks (53%)
- Different attitudes toward conflict (44%)
- Different decision-making styles (44%).

The survey also found that executives believe adopting cross-cultural communication training programmes can increase productivity by 26%, on average, which is consistent with the productivity increases of 30% reported by those whose companies already provide training in this area.

Two thirds of all respondents said they had experienced miscommunication issues within their global sourcing operations, compared with 60% among executives at companies that offer cross-cultural training to their employees. That number increased to 72% for those whose companies did not offer any such training.



These research findings bolster the real-life experience of global executives such as Kris Wadia, a senior executive in Accenture's Network of global delivery centres: *"In our view, the physical obstacles to outsourcing areas such as telecoms and facilities have largely been resolved,"* explained Wadia. *"However, the soft issues, particularly cross-cultural communication, will continue to present the main challenges to realising global sourcing's full potential for the foreseeable future."*

"Post-training feedback from the last couple of years suggests that long-term savings of both time and money are clearly possible if cross-cultural communication issues are identified – and resolved – at an early stage. There are also related benefits for companies, which include improved employee morale, and reduced attrition rates."

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> will have a huge advantage. A more explicit rule-based culture sounds more mechanical, but if everyone understands the rule and has equal access to the process, then diversity can flourish.

Organisations that cannot create this transparent culture and make access to it equal to all, will be unable to attract the best management talent internationally.

MOST PEOPLE DON'T NEED COMMON VALUES

Even in the most global companies, the majority of people have local jobs. They work in local offices, sales organisations, factories and retail outlets. I call this group the Locally Loyal. They provide services to local customers (and local customers are nearly always the majority of your customers).

You want these people to be proud of their company and to identify with it, but what is the business advantage in trying to change their values? You run the risk that their values no longer match the values of their local customers and context.

Right at the top of the company is the 'Global Group' – the small number of very senior managers who live the global life and are concerned with global business issues on a daily basis. They are a small group and work together closely enough to develop shared practices and ways of working, even sometimes to develop truly similar values.

The group that faces most challenges and that really needs a set of common practices to speed cooperation is the 'Matrixed Middle'. They have multiple reporting lines and priorities and balance the global and the local every day. They need the skills to cooperate with colleagues in different locations, often in international virtual teams or through network relationships where they do not have traditional line authority. They need a common set of practices to allow them to form and reform these teams and to get things done quickly. Without a shared set of ways of working, they will have to reinvent them every time they need to cooperate with new people – and this takes too long.



GLOBAL

GLOBAL GROUP

MATRIXED MIDDLE

LOCALLY LOYAL

LOCAL

Thinking about these three groups and their different needs makes the problem more manageable and allows us to focus resources on the areas where the shared practices really add value to the business – the matrixed middle.

WHO GETS TO DECIDE WHAT OUR 'VALUES' ARE?

Corporate values statements are almost always shaped by the HQ or home culture of the organisation. This can easily lead to lack of identification and ownership of the values by local cultures who do not feel they represent 'their values'.

An illustration of this would be one of our clients, who supplied components to the automotive trade worldwide. They developed a set of values through a UK HQ driven task force and then arranged a 3-day conference to communicate and explain the values to a group of Asia managers in Singapore. After three days one of the Japanese participants politely asked if there were going to be some values developed for the Asia business as well. When the facilitator explained that these were the values globally, the Japanese manager was shocked.

A process driven by aspirations of what the values should be is also dangerous. One of my first employers published a 'blue book' on the values the CEO wanted, but the gulf between these and the values that people actually saw expressed in the business was so huge that they lacked all credibility.

A successful process has to involve both the global and the local and to focus on distinctive practices:

1. Set up a project with representation from the major locations in which the company operates and get them to collect examples of what people think are the distinctive practices that express the values of the organisation – as they actually are today.
2. Synthesise these into a few areas for discussion and prioritise the three to five areas that will make a difference to the business.
3. Get buy-in from senior stakeholders to the framework – you may decide to stretch these a bit to be aspirational or to move the culture of the business in a desired direction, but don't make the gap too big or credibility may suffer.
4. Go back out to the locations to test them – we have used artists to capture common images and definitions, critical incidents that demonstrate how we want people to behave.
5. Refine the outputs of these sessions into a set of practices that help people make real decisions and manage real trade-offs in the business – include this in the induction.
6. Make sure senior managers in particular model the practices.
7. Get people working with the practices – you can do this by applying the practices to their real work context or by creating common 'critical incidents' to work with in off-line workshops.
8. Keep doing this for a long time – consistently.

The poet Ralph Waldo Emerson said, "*What you do speaks so loudly that I cannot hear what you say.*" The success of these programmes depends entirely on whether what you do subsequently matches what you say – another reason to focus on practices.

My top three tips on making this work in your organisation?

- Focus on practices not values
- Invest in the matrixed middle
- Embed the practices into the daily way you operate.

Good luck.



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