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## **LOL: Defining Values**

Values are core to strong culture. Most firms have listed them on their website. And some have described them a bit. The notable exemplar is Bridgewater, where Ray Dalio wrote an entire book on their values (*Principles*).

FCG culture work starts with identifying and agreeing on core values. If firms have already done this step, then we move to the next one—the subject of this blog—defining them. This step is crucial because people commonly have different definitions. For example, take the value RESPECT, common to investment firms. For some, this value suggests “respect for the work you produce.” If you are a Portfolio Manager and have never demonstrated winning results, then a colleague might say, “He’s a nice guy, I like him, but I don’t respect him.” In other words, I don’t respect his work.

A different view of RESPECT may suggest “respectful interactions with all employees, regardless of race, gender, experience, performance, or anything else.” In short, I treat all people with dignity and respect. This difference in definitions became apparent when we asked a roomful of staff members, “Should you treat all co-workers with respect?” Half the room said “yes,” the other half “no.” When we debriefed the vote, it was clear that the distinction cited above was the driver of the split. After discussing what was meant by each definition and asking them to vote on the “treat all people with dignity and respect” definition, everyone in the room voted, “yes.” Hence, the need to get clear about the meaning of each value.

Okay, so how is that done? In the past, FCG used to ask clients to define their own core values. That is, turn the team loose to discuss and come up with behaviors that they could agree on. While this approach may sound good in principle, we found it less than optimal. To use an analogy, it was a bit like the brain surgeon saying, “yup, you need brain surgery. Now, how do you think you should do that?” Obviously, a poor approach. Likewise, in defining core values there is value in experience and expertise. The “don’t try this at home” warning applies.

FCG’s approach may sound a bit arrogant. After all, how hard is it to define concepts like “integrity,” “excellence,” or “collaboration?” Well, it’s not hard at all to “take a shot at it.” But going back to the brain surgery analogy, it’s also not hard to take a drill to your skull. (Well, actually that would be harrowing...but you get the idea.) In each case, however, it requires experience and skill. Remember, the goal: each staff member regardless of tenure or seniority would have the same understanding of a given value and HOW to demonstrate it in action.

Only in this way, can leaders and team members hope to hold themselves and others accountable. They must speak the same language and share the same agreement about cultural behavior. Again, using the respect example above, one team member could accuse another of disrespectful behavior because they are using different definitions.

FCG’s solution to this challenge is to take back from clients the responsibility for defining values and to offer our own for the commonly chosen investment values, which are:

- Client first
- Integrity
- Collaboration/teamwork
- Accountability

- Excellence/continuous improvement
- Professional
- Leadership development/Mentoring

Our approach is to list both the mindset (attitude) and behaviors that define a given value. Often firms just list behaviors, but in our experience the attitude is an important driver of the behavior. For example, if a firm chooses collaboration as a core behavior then an obvious preferred attitude is: “we look for win/wins with our teammates.” (Unlike Ego driven team members, who must overcome their “me first” attitude or they will fall short of effective teamwork.)

Given this description of defining values, here is our offering around the value, respect.

Value	Attitude/Mindset	Behaviors
Respect	All people are worthy of being treated with respect and dignity. Even if I feel that I’ve been treated with disrespect, I don’t retaliate. Instead, I respectfully try to understand their behavior. I take the high road and stay “above the line.”	<ul style="list-style-type: none"> <li>• Listen carefully without interrupting</li> <li>• Acknowledge other points of view</li> <li>• Avoid gossiping about anyone</li> <li>• Avoid using profanity</li> <li>• Assume the best about others</li> <li>• Avoid blaming, such as: “You are a bully.” Rather, take ownership: “I feel intimidated when we meet.” (The first is attacking and arguable, activating the Ego. The second is a vulnerable admission of your reaction. (Not attacking or arguable.)</li> </ul>

FCG has created definitions such as this one for the key values. It has two benefits for clients:

1. Saving time
2. Proven usefulness

Of course, clients can add to or tweak these proposed values. They can use language that better fits their culture. And if value statements already exist, they can work to use the same language as much as possible.

Creating a culture statement with defined values is necessary for building strong culture. FCG calls it the **KNOW** phase: staff must **KNOW** the rules of the road. What are we expected to do as members of this firm?

The next phase is **DO**. Once leaders and culture champions (staff members who wish to take a lead role in building culture) understand the culture statement, then they practice it. They **DO** it.

Finally, the **TEACH** phase begins after the culture leaders have sufficiently demonstrated competence in the **DO** phase. (Moving to **TEACH** before competence in **DO** is achieved creates cynicism, and understandably so.) **TEACH**ing the values, attitudes and behaviors provides two benefits:

1. Teaching something helps the teacher become more skilled
2. Teaching strengthens culture as staff members learn and practice it

So please don't hang a plaque in your meeting room with a handful of values on it. This practice mocks culture. It's a standard joke when talking about culture: the plaque, the coffee mugs, and the screen saver. Oh yes, and the Lucite paperweight on the desk. Culture becomes a breakroom laugh.

Instead, take the time and effort to carefully define the values and operationalize them. FCG calls the output of this work the culture statement. It's essential to strong culture. You can't practice accountability around culture if staff members don't understand what they are being held accountable to. Accountability is the practice of providing real-time feedback—both positive to reinforce, and critical to correct. (This approach assumes staff members want to be accountable, which FCG recommends as a pre-requisite for employment!)

So, create the clear culture statement and then work the process of KNOW, DO, TEACH.

Curiously,

JW