



VALUES AUDIT

Are We Who We Say We Are?

An organization's Core Values can serve as the compass for every member – guiding their decisions and actions to keep them traveling true North. During hard times, the Values also are the lighthouse, helping everyone navigate turbulent waters, stay on course, and see in the darkness. Values work in these ways when they permeate every aspect of the organization. To make sure that is happening, leaders should periodically do a **Values Audit** to determine, *Are we who we say we are?* If the answer is not a resounding yes, it's time to course-correct and return to the guiding principles.

Why Focus on Values?

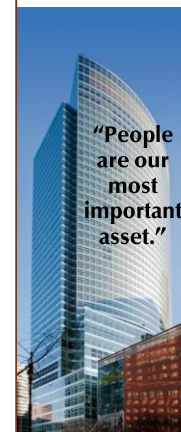


Over the last 25 years, most organizations have identified their Core Values. These guiding principles get framed on the wall, posted on the website, and printed on business cards. The challenge comes from actually trying to *live* those values.

This program grew out of my work over the years helping long term care and other organizations undergoing culture change. Every community was at a different place in their journey of transformation. Some orgs stood apart.

What made them special was their constant and conscious attention to their core values. They built everything on a solid foundation of these guiding principles. Policies and practices were tested against the values. Leaders – and team members – commonly and frequently asked, ***Is this who we are ... and is this who we want to be?***

Organizational culture is initially shaped by its founders. As the org grows and leadership changes, the focus on values can fade, creating pockets of confusion and contradiction. Every individual with leadership responsibilities has a responsibility to monitor whether the **Stated Values** are consistently demonstrated as the **Values in Action**.



"People are our most important asset."



Esposed values are always presented in noble terms, but actual values can be hidden and even nasty. – Ken Hultman

In 1981 the co-chair of global financial giant Goldman Sachs said this statement was their foundational corporate motto.

CEO David Solomon received \$47,000,000 in total annual compensation for 2025, compared to a median global employee compensation of \$160,667, resulting in a pay ratio of approximately **293-to-1**.

NOTE: in 1970 the pay ratio between the average CEO and worker was 24-1



Build your Foundation

What are your organization's Core Values? How were they chosen? How are they used?

Value-driven organizations have a conscious, constant focus on the values. Everyone should be encouraged to monitor how the principles are lived ... and to look for gaps.

STRUCTURE – HIRING – COMPENSATION – PERFORMANCE – LEADERSHIP

STRUCTURE: policies –
handbook – work rules – hours
– org chart – work areas

HIRING: job descriptions
– interviewing – hiring
– orientation

COMPENSATION: pay
– benefits – rewards and
reward systems

PERFORMANCE: feedback
– coaching – managing
perf problems – rewards
and retention

LEADERSHIP: modeling
– communication –
focus – accountability



While business strategies should constantly be evolving, core values, like true North, don't change. In stormy times of stress and change, Core Values provide a secure anchor.

They can remind us of who we are when we are considering compromising our principles. They can help us focus on what's truly important. They can help us make decisions and set priorities. They can be used as a touchstone when coaching an employee and a measuring stick when hiring a new team member.

– Peggy Wynne Borgman



Structure and Values

The structure of your organization includes formal policies and org charts as well as the daily practices and procedures. These areas convey strong messages about your culture.

Policies / Handbook → what is included – number and length of policies – level of detail – language (*formal 3rd person* vs. *more familiar we and you*) – tone (*a series of thou shalt nots* vs. *we basically trust our folks*) – read your policies with a critical eye: one law firm had a policy prohibiting employees from engaging in “*impermissible harassment*” – does that mean there is *permissible* harassment?

Practices → how are the policies implemented? is there favoritism based on person or position? or, in the name of fairness and consistency, are all employees treated the same ... regardless of the individual and/or special circumstances

Work Hours → for orgs that state proudly that they are “family-friendly,” how do they handle scheduling? how much flexibility is offered? is there mandatory overtime (or subtle punishment for employees who can't work additional hours)? how often and for how long? is overtime avoided for hourly employees by consistently expecting exempt staffers to work more and longer? do senior managers send emails at midnight and on weekends?

Work Spaces → What discrepancies exist in different work units and on different shifts? What steps do we take to ensure a safe, relatively comfortable workspace? In jobs where the environment is often not comfortable (manufacturing, warehousing, call centers, healthcare), how do we address employee safety, comfort, and concerns?

Organizational Chart → what does it say about us and our core values?

Structure - Practice

Transform the policy to one with a stronger Values focus:

"All employees are required to obtain supervisory approval for their expense reports. It is the responsibility of each employee to understand and comply with the business expense policy. Periodic audits will be conducted on expense reports for compliance with the policy. Non-compliance is grounds for immediate termination."

"Employees are expected to conduct themselves in an appropriate manner as judged by a reasonable person. The Company encourages a congenial work environment of respect and professionalism. Therefore, the Company prohibits employees from harming or threatening to harm other employees, clients, vendors, visitors or property belonging to any of these parties."

You don't lead people by
hitting them over the head.
That's assault, not leadership.

- Dwight D. Eisenhower



Hiring and Values

The most obvious way to ensure that your values are put into action every day is to choose people who share those values ... and are committed to living them.

JOB DESCRIPTIONS → In the hiring process, we sometimes get just what we ask for. Look at your job descriptions. Are your Core Values clearly identified? Are they incorporated into the required competencies and/or key job requirements? Is it obvious to all concerned that you're serious about hiring people who have a solid track record of demonstrating these values at work?

INTERVIEWING → Are your interview questions the standard ones ("What are your strengths?" "What did you like about your last job?")? Or do you design behavior-based questions* that focus not just on expertise and experience but also on your Values?

HIRING → Are the processes used to evaluate candidates and choose who to hire in alignment with your Values? How are rejected applicants handled?

ORIENTATION → Do you have an orientation process that moves beyond a description of duties to a true introduction to your culture? How much time is spent discussing the Core Values and how they link to team member's responsibilities?

***TEAMWORK:** *Tell me about a time when ...*

_____: *Tell me about a time when ...*



Compensation and Values

Some of the most common gaps between stated values and values in action are in the area of compensation and benefits.

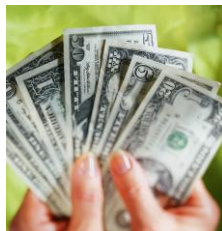
COMPENSATION → The challenge in tough economic times is to not just be fair, but to look and feel fair. In values-driven organizations, team members understand the comp system and can explain how their pay is determined. Transparency is one of the ways values are put into action.

What is measured and rewarded also conveys a values message. If quality of care is identified as a guiding principle, are team members who provide exemplary service recognized for that? Or direct service hours, no call-offs and accurate paperwork the only measures used to determine special recognition?

BENEFITS → What benefits are offered and who gets them can be a demonstration of the organization's values. You also need to consider how benefits policies are interpreted. For example, does the company do the absolute minimum required by law or regulation ... or does it strive to address the needs of the team members? Does leadership encourage HR and managers to flex and adapt as special needs arise?

Seen on a blog about values in the financial industry:

***I don't care what they say –
what they measure, manage, and
reward is what they truly value.***



Performance and Values

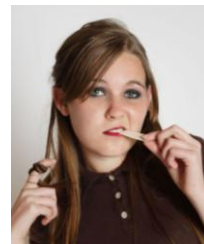
Values-driven organizations make sure that Core pervades the culture. They link performance expectations to the values. That priority means not just focusing on *what* team members do but more importantly on *why and how*.

FEEDBACK and COACHING → Are supervisors encouraged to provide feedback on how well or poorly employees are putting the values into action? Do they help individuals make positive changes through modeling, guidance and coaching? Do they give feedback in a way that reflects the values? Are they given sufficient time to serve as coaches or are they juggling so many things that activity get pushed aside? NOTE: If supervisors are not given time to coach, they are also being given the message that coaching is not really important to the organization.

PERFORMANCE REVIEWS → Are Core Values an integral part of every employee's performance review form?

MANAGING PERFORMANCE → Are employees held accountable for behavior that violates Core Values? Do they get timely, specific and direct feedback on required changes? If they don't make changes, are they allowed to continue the unacceptable behavior – or do discipline and termination follow?

REWARDS AND RETENTION → Are decisions about recognition, rewards, promotion and retention based in part on how the team member lives the values? Are those employees who don't demonstrate the values but have strong technical skills retained ... or promoted ??



Culture is what you tolerate.

**What you permit,
you promote.**

Leadership and Values

If you have a leader whose behavior violates the Core Values, it is going to be a very hard sell to get employees to believe your commitment to those values. Keep in mind that, if your executive leaders only have small gaps between behavior and values, the level immediately below will have a larger gap ... two levels down there is an even larger gap ...

Assess the quality and consistency of your leaders:

ROLE MODELING → Do they set an example for how to put the values into action? Do they demonstrate values-based behavior in their everyday interactions with customers and team members at every level?

COMMUNICATION OF VISION & VALUES → What do they talk about in company meetings and in casual conversations? Do they tell rich and vivid stories that convey where you're going, who you are, and who you want to be? Do their tales help create heroes who personify the culture and its values?

FOCUS → Do they focus not only on the *what* of the job (work output, quality, productivity, profitability, etc.) but also the *why* and *how*? The why often links to your mission and vision; the how is almost always the demonstration of your values. Values driven leaders remember the wisdom of Albert Einstein: *Not everything that counts can be counted and not everything that can be counted counts.*



Values are incorporated into an organization's culture as important people live them consistently and clearly. If the formal leaders are inconsistent and tentative their people will take on the values of other strong personalities in the organization. The process relies upon living examples, not traditional communication programs. — David Morrison

The Subtle Power of Values

While codes of conduct and compliance officers may be requirements in today's world, keep in mind that a narrow focus on regulatory and legal compliance can have surprising complications.

In a study by Tenbrunsel and Messick, there was more renegeing on commitments and questionable actions when a compliance system with fines was in place (!). Without the formal system, study participants saw decisions in **ethical** terms. They searched for an answer to the question, *What is the right thing to do?*

The compliance system made it a **business** decision. The study found the imposition of the formal system led to "ethical fading" where decisions shifted to *how likely am I to get caught and what will it cost me?*

You can avoid this slide by modeling and encouraging everyone to use the Core Values in every decision made, every plan developed, every action taken, every interaction with another human being ... Continually ask, *How does this align with our vision and values? Is this who we want to be?*



Without a strong ethical foundation, we inevitably fall into contradictions – between mean and ends, between our actions and our ideals.

The Line in the Sand

Identify five specific actions you can take to build the values-driven organization. What can you do to use the information you gather in your Values Audit? How can you influence positive, lasting change and ensure culture change is based on your Core Values?

signature

date

Finally, draw a line in the sand:

**Don't hire, don't promote
and don't retain people
who don't live the values.**

The only thing of real importance that leaders do is to create and manage culture. If you do not manage culture, it manages you and you may not even be aware of the extent to which this is happening.

- Edgar Schein



Resources to Learn More

-  Autry, *The Servant Leader*
-  Bazerman & Tenbrusel, *Blind Spots: Why We Fail to Do What's Right and What to Do about It*
-  Covey, *The Speed of Trust*
-  Kraemer, *From Values to Action*
-  Maxwell, *Ethics 101* (or the earlier version entitled *There's No Such Thing as Business Ethics*)
-  Schein, *The Corporate Culture Survival Guide*
-  Sinek, *Start with WHY*
-  greenleaf.com ... *Greenleaf Center for Servant Leadership*
-  ethisphere.com/resource-search... *practical insights for ethics*
-  idealist.org ... *International Business Ethics Institute*
-  The Leadership Test, *Drew Dudley*
-  Start with Why, *Simon Sinek TED talk*
- The 10 Most Important Human Values, *Fearless Soul*
-  Unlocking Us, *Living Into Our Values with Brené Brown*
-  Radical Candor, *Why Living your Core Values Makes You a Better Leader with Robert Glazer*
- Everyday Better, *Core Values 101: Inner Compass with Leah Smart*
- Tony Robbins, *Living Your Core Values with Marissa Levin*



**What we think, or what
we know, or what we believe, is,
in the end, of little consequence.**

**The only consequence
is what we do.**

- John Ruskin