

## Creating Core Values and Culture

**What are Core Values and Operating Philosophies Anyway!  
They are the leader's best friends. They set the tone for how your  
company behaves daily, how you hire, fire, and treat all who come in  
contact with your company. Do you have them defined and**

### Why do I need a Core Values and Operating Philosophies?

Core Values are who you are as a company. The core values are what tell your employees exactly what is expected of them, and what will and will not be tolerated when it comes to behavior in the company, and outside the company.

Do you need core values to make money? Absolutely not!

Do you need them to make your life as an owner or manager easier? Absolutely yes!

A well-defined set of core values can be a leader's best friend, allowing the leader to use the core values as the benchmarks for hiring decisions, and yes, sometimes also firing decisions. However, this is much better than having a subjective conversation with any number of varying opinions.

You see, when you have the core values and operating philosophies published, it is like a leadership contract that everyone commits too, and that makes life easier. Be advised, that contract extends beyond the employees to you as a leader as well. This is a good thing, because it builds tremendous trust among your employees about how you intend to operate the company. It also holds the leadership accountable for the very standards they admit to having designed, and desire.

Difficult decisions in the company are smoother within the company. If you put any thought behind those core values and operating philosophies, everyone is on the same page when it comes to operating daily within the company.

## Why should any business have a set of defined and published core values and operating philosophies?

1. Core Values set the culture. They define how you will lead.
2. Core Values are a contract with your employees about behavior and acceptable standards. Employees respond well to this kind of agreement. It sets the rules so they know what the rules are, and they trust them, because in most contracting companies the rules are made by the owner and change at the owner's convenience.
3. Operating philosophies allow us to know how we are expected to perform daily. Every day!
4. Accountability for behaviors and performance.

### We call this **Alignment**.

Alignment is a very cool thing. All the personnel in one company focused on one outcome can be immensely powerful. And is it ever rare. Why?

#### Simple answer again.

1. We see lack of vision, core values, and philosophies in many companies. In fact what we see is owners making up the rules as they go, and making statements like, it's my company, so I can change the rules. The owner does **not want** accountability for himself.

It is fairly common to hear owners talk of accountability for employees yet avoid the very subject, or down play accountability for owners when it comes to their own accountability to those employees? Could it possibly be **Effective Leadership**?

What that owner is missing completely is the respect for other people who are helping him/her build wealth. What this owner fails to understand is how much easier it is for them if they would simply ascribe to the wisdom that setting expectations for employees makes their life easier.

Do people work harder for you if they trust your leadership ability?

**Establishing core values and operating philosophies is a leadership issue.**

## How do we establish them?

**There are two basic ways:**

1. Develop one as the leader and share it.
2. Develop a vision with your teams' involvement.

The situation the business is in has much to do with the option you choose.

One would always prefer to create involvement if possible. To have maximum buy-in by the employees is the best alternative, but in some cases, you may not have the luxury of time. Or, you may not have any employees. Either way, you should assess what the situation is, and then make the choice as to which method you may want to use. Remember, both methods require you to involve the employees at some stage.

- Step 1.** Have your team meeting and discuss the need for a company values and philosophies.
- Step 2.** Ask the employees to consider what they want their company to be.
- Step 3.** Reconvene, and review the ideas – there are no bad ideas, just ideas and opinions. Don't criticize. Collect the ideas and formulate what you believe is a proper direction.
- Step 4.** Take their ideas and formulate the values and philosophies, either privately, or with a small team.
- Step 5.** Share it with a few confidants and get their input on the draft version.
- Step 6.** Use the next meeting to outline the core values and the operating philosophies to all company personnel and get their reaction.
- Step 7.** Make any minor adjustments to the core values and philosophies if you feel you should.

## How do we implement a set of core values and philosophies?

1. The first step in implementation was the development of the meetings and the process of creating the core values and philosophies in the first place.
2. The use of a vision is very simple:
  - a. Start every meeting with the vision, mission, core values, and operating philosophies and why the company has chosen that as its vision.

- b. Announce to all employees these meeting rules: those random selections will be made at the start of each meeting from now on, to discuss the company vision, mission, values and philosophies, and what it means, and why it is critical to the success of the company. 2-3 minutes is all you need.
- c. Have random selected employees get up in front of their peers and tell their peers why they believe this information is important to them, and the company.

We hear all kinds of reasons why this is **bad!** Don't embarrass your peers, and people don't like to speak in front of the group etc. well, those things may be true enough, however once thing is certain, your personnel will learn the materials, and they WILL think about why it is important to them.

- d. Amazingly enough, after the first couple of management meetings, and company meetings, not only will everyone in the company know the materials, but they actually can speak about it! Meaning, they can relate their job, their behaviors with customers, and what they do for the company as the role they play, and how it is meaningful.
3. These documents can and should change over time. These values and philosophies are not necessarily static. Keep in mind as the company changes, as the leadership changes, as the market changes, so to must the leaders of the company adapt the company soul as needed.
  4. Remember, these materials and ideas are hiring and firing tool as well. We use these ideas, the mission, core values, and the operating philosophies as the first day with every new employee, no matter who they are. The leader of the company spends that day, with every new employee, to explain how the company works, to explain the core values, why they were hired against the core values, the operating philosophies, and indoctrinate the employee into the culture of the company. This is very powerful business!

## Why is this Critical to Your Success?

- Core Values and Operating Philosophies are simply the soul of the company. People like to know who and what they are working for and toward.
- **A properly communicated and utilized set of core values and operating philosophies will improve Profits!**