

## Corporate Values (8/5/17)

Web Article

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# Company Core Values: Why to Have Them and How to Define Them

MARCH 12, 2013 - 8 MINUTE READ - POSTED BY [WENDY](#)

In the modern business era, we constantly hear the terms core values, mission statements and culture and we have integrated them in the business language among many other terms. But what are company core values? Why are they so important? In this blog post we are going to discuss the importance of core values and why it is important to have core values in your organization.

## Recommended Reading List on Core Values

- [Frequently Asked Questions: Objectives and Key Results \(OKRs\)](#)
- [The Guide to Setting Company Objectives and Key Results \(OKRs\) MUST READ!](#)
- [The Guide to Effective Employee Engagement](#)
- [The Guide to Facilitating Employee Feedback](#)



Core values are what support the vision, shape the culture and reflect what the company values. They are the essence of the company's identity – the principles, beliefs or philosophy of values. Many companies focus mostly on the technical competencies but often forget what are the underlying competencies that make their companies run smoothly — core values. Establishing strong core values provides both internal and external advantages to the company:

- Core values help companies in the decision-making processes. For example, if one of your core values is to stand behind the quality of your products, any products not reaching the satisfactory standard are automatically eliminated.
- Core values educate clients and potential customers about what the company is about and clarify the identity of the company. Especially in this competitive world, having a set of specific core values that speak to the public is [definitely a competitive advantage](#).
- Core values are becoming primary recruiting and retention tools. With the ease of researching companies, job seekers are doing their homework on the identities of the companies they are applying for and weighing whether or

not these companies hold the values that the job seekers consider as important.

One article that captured my attention when researching on what core values are (and are not) was "[Startup Culture: Values vs. Vibe](#)" by Chris Moody. The author talked about distinguishing your core values with vibes. Vibes are the emotional side of the company; they are dynamic and reactive to the outside environment. One example he gave was "Work hard. Play hard". Is that really a value? Core values are timeless and do not change; they are sustainable in the longer term. Would the above statement be true during an economic downturn? The answer is probably no. Another [mistake startups make](#) is thinking that by merely having perks they can create a strong, unified, and unique company culture.

Now the big question is: "How do I find the core values of my company?" In his [article](#), *Aligning Action and Values*, Jim Collins discussed that organizational values cannot be "set"; you can discover them. Many companies make the mistake of picking core values out of thin air and trying to fit them into their organization; core values are not "one size fits all" or the "best practices" in the industry. True, you can hold the same core values as your competitors, as long as it is authentic to your company and your employees.

So how do you discover these core values? Collins developed an exercise he called the "Mars Group Exercise". The following list reveals the steps leading to finding what the core values of your company are:

1. Select 5-7 people who have a gut-level understanding of your core values, are distinguished as the highest performers, and are well respected by their peers and management team. Why gut-level? Core values are

predisposed to your employees. You cannot “install” the core values into people. These 5-7 people become your Mars group.

2. Ask the Mars group to list what they think the core values of the organization are. Then ask them the subsequent questions relating to each of the core values they have chosen:
  - Are the core values that you hold to be fundamental regardless of whether or not they are awarded?
  - If you woke up tomorrow morning with enough money to retire for the rest of your life, would you continue to hold on to these core values?
  - Can you envision these values being as valid 100 years from now as they are today?
  - Would you want the organization to continue to hold these values, even if at some point, they became a competitive disadvantage?
  - If you were to start a new organization tomorrow in a different line of work, would you build the core values into the new organization regardless of its activities?

The last three questions are crucial because they help to make a crucial distinction between core values and strategies – core values are fixed regardless of the time and factors, internal as well as external, affecting the organization, while strategies and practices should be changing all the time. If the answers are yes for each of the core values chosen, then you have yourself what constitute the identity of your organization.

We have discussed why core values are important and some strategies for setting core values. You may be wondering: what do core values look like? Below is a list of 10 core values that are common across organizations in different industries:

- Accountability – Acknowledging and assuming responsibility for actions, products, decisions, and policies. It can be applied to both individual accountability on the part of employees and accountability of the company as a whole.
- Balance – Taking a proactive stand to create and maintain a healthy work-life balance for workers.
- Commitment – Committing to great product, service, and other initiatives that impact lives within and outside the organization.
- Community –Contributing to society and demonstrating corporate social responsibility.
- Diversity – respecting the diversity and giving the best of composition. Establishing an employee equity program.
- Empowerment – Encouraging employees to take initiative and give the best. Adopting an error-embracing environment to empower employees to lead and make decisions.
- Innovation – Pursuing new creative ideas that have the potential to change the world.
- Integrity – Acting with honesty and honor without compromising the truth
- Ownership – Taking care of the company and customers as they were one’s own.
- Safety – ensuring the health and safety of employees and going beyond the legal requirements to provide an accident-free workplace.

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