The Power of Values-based Leadership

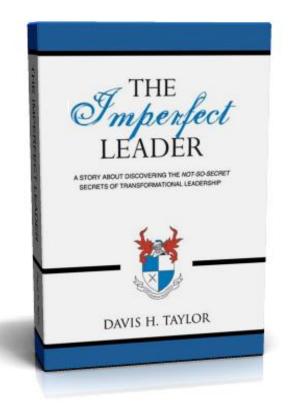
a leader's guide to sustainable, extraordinary results

by Davis H. Taylor



This workbook is based on principles from *The Imperfect Leader*

By Davis H. Taylor



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Preface—Why Read this Booklet?

Corporations today seem adrift in a sea of change. We experience a truly global economy. Innovation and change are happening at astounding speeds. Competitive pressure is far greater than it ever has been.

In the midst of these pressures, most corporations claim that people resources are their primary competitive advantage...yet, according to a widely acclaimed study, less than one-third of the work force is actively engaged in their work—the rest are just "putting in time," or worse, actively working against the organization.

The antidote to this problem is Values-Based Leadership (VBL). VBL is a leadership philosophy that enables you to create and lead values-driven organizations that are energized, equipped and organized to achieve powerful goals.

This booklet/workbook will show you how.





Who is a Leader?

Often the question is asked: "Are leaders born, or are they made?" Interestingly, the answer to both is a resounding "yes!" The fact is, while some people seem to have innate leadership talent, others must work at developing leadership ability. Most all of us lead in one capacity or another at some point in our lives. Leadership is really about influence, and regardless of our natural gifts, we can develop and demonstrate excellent leadership ability—*how* we impact those we lead.

The Values-based Leadership philosophy focuses on *who* we are and *how* we behave rather than what positional power we hold. True leadership is about earning authority through our example and actions so that people *choose* to follow us. Leadership is not about positional power or the ability to make people do our will. Perhaps Peter Drucker said it best: *"If you think you are a leader and no one is following you, you're just out taking a walk."*



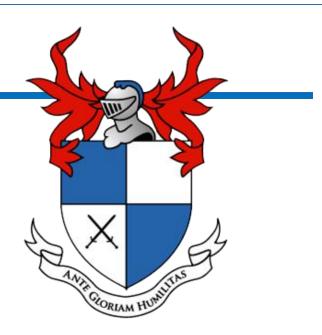
"A leader is anyone with followers."



Values-based Leadership (VBL)

Organizations live and die by their leadership—ultimately, it's the leader's effectiveness in *creating vision for a preferred future* and *establishing an appropriate values-driven* culture that determines organizational results.

Leaders and their organizations can best execute their mission and achieve superior results by first addressing the foundation of behavior and performance—personal and shared values. *Values determine behavior and behavior determines performance*. Values-based leaders effectively engage, motivate and develop their followers, establishing a culture that enables transformational sustainable change, resulting in effective execution, innovation and outstanding performance.



"Values-based leaders create and lead values-driven companies that are energized, equipped and organized to achieve powerful goals."



What is Values-based Leadership?

Values-based Leadership (VBL) is a leadership philosophy that brings value to the organization, to customers, to suppliers and to shareholders, without focus on personal gain. It is about creating value for the sake of the organization and its mission...for the sake of society as a whole. When leaders embrace VBL, then, and only then, can they realize personal fulfillment and lasting significance. It is through this *selfless* pursuit of worthy goals that individual leaders will attain legacy and lasting impact. Perhaps this notion sounds like a lofty ideal or daydream; however, it is the foundation for true leadership success.

Stop for a moment and ask yourself these questions:

Does your style of leadership reflect a selfless attitude? Are you putting the needs of others first, or are you leveraging your position and resources for your own gain? Why? Why not?

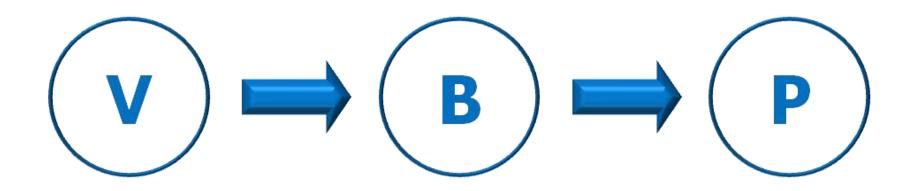
Why, practically speaking, should leaders embrace VBL?

- VBL is the right thing to do. Values determine our behavior—values precede ethics, precede diversity and precede performance.
- VBL is statistically proven to deliver excellent results over long periods of time.
- VBL can be implemented in a practical manner in order to establish a corporate culture that delivers predictable, sustainable results.





Understanding the Power of Values



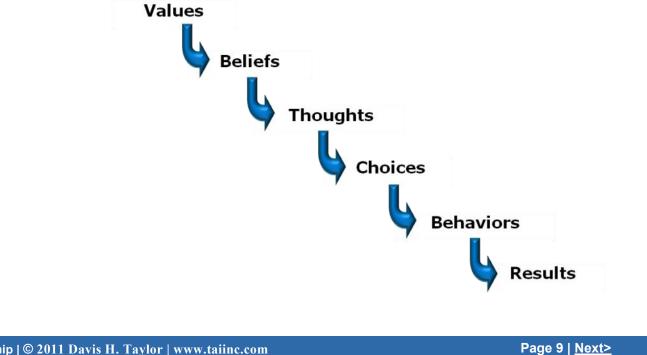
Values determine behavior; behavior determines performance.



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How Values Determine Performance

Take, for example, the value of integrity: When leaders *value* integrity, it leads to the *belief* that being honest and authentic is important and makes a positive difference in working with others. This belief leads to *thoughts* about how they might demonstrate integrity through words and actions, which governs their choices about doing what is right, about telling the truth, about doing what they say they will do. Integrityoriented choices result in observable and measurable **behaviors** that build trust with employees, customers, suppliers and shareholders. Collectively, the behaviors determine specific *performance* performance that develops a trust-culture, creating an environment for flawless execution, creativity, innovation and commitment, through engaged employees and loyal customers—and ultimately results in positive growth and significant return-on-investment.





Call to Action

Since our values determine our beliefs that lead to our thoughts, choices, behaviors and performance, it is important to know what our values are. Take a moment to consider the questions below to help you identify where you currently stand:

What values do you hold? Make a list, using single words such as integrity, honor, service, honesty, etc.:

How do these values shape your beliefs?

Does how do you demonstrate these beliefs impact your thoughts and your choices so that your words and actions reflect what you say you believe? In a practical sense, if you say that you value service, do your actions reflect it? Are you truly serving others or are you seeking to be served?

Does what you say you believe match up with your actions? What about others within your organization? Do their actions reflect the values of your organization? Why or why not?

When we align our values with our actions, we create behaviors that lead to the performance we seek. Just like a car needs proper alignment, we must have a center point on which to align—our values provide that center point.



Right versus Wrong Values

For those who may be skeptical about a value being "right" versus one that may be "wrong," consider this example: Imagine sitting on the shore witnessing a sunrise or sunset with a group of friends. If you ask each person to describe what they are seeing, using only one word, responses may include: *awesome; majestic; peaceful; beautiful...* and most people would agree that these words describe positive attributes of the scene in front of them. So the question is: "How do we know it is *beautiful*?" Why do we not think the sight to be *ugly*? The fact is, something inside us informs us if a sight is beautiful or ugly, if conditions are positive or negative, or if behaviors are good or evil. And so it is with values....





When the Wrong Values Prevail in the Workplace...

Common workplace values typically lead to a varied list of agonizing corporate behaviors.

Common Workplace Values

Situational ethics

Selfishness/self-focus

Insensitivity/arrogance

Personal Wealth

Expediency/risk avoidance

Self Indulgence

Entitlement

- Lack of trust
- Ego/self-interest prevail
- Personal agendas
- Misaligned executive teams
- Functional silos
- De-valuing others
- Lack of direction
- Tyranny of the urgent
- Entitlement mentality
- Lack of creativity
- Risk aversion
- Complacency/mediocrity
- Accountability avoidance
- Unproductive employees
- High employee turnover



When Corporate Culture is Built on *Right* Values...

Living the right values yields huge dividends relative to corporate performance.

Examples of *Right* Values

Integrity

Humility

Compassion

Purpose-driven

Courage

Self-discipline

Gratitude

- Ethical behavior doing what is right
- Employee engagement
- Serving customer/employee needs
- Motivating/encouraging performance
- Teamwork/cooperation/collaboration
- Embracing diversity
- Clear direction/common goals
- Aligned on mission and vision
- Innovation/creativity
- Risk taking/freedom to make mistakes
- Productivity gains
- Results orientation
- Job satisfaction/personal significance
- "A great place to work"



VBL and Corporate Culture

Contrary to conventional thought, it is culture, not strategy, that determines and produces corporate results. Values-based Leaders create values-based cultures that deliver predictable success and positive results through:

"Culture eats strategy for lunch."

- Richard Clark, CEO, Merck

- Accountability and execution (performance)
- Energized/motivated employees (employee engagement)
- Greater operational effectiveness (productivity)
- Improved organizational efficiency (cost control)
- Innovation (sustainable growth)

Leaders who create a values-based corporate culture thereby energize and equip employees to achieve powerful goals.

"Values–based Leadership is clearly the best alternative to organizational development. It is the most rapid method to transform an organization in a sustainable way. One can argue that values-based behavior is the only way that an organization can achieve longevity and relevance."

- Senior Executive, Global Financial Institution



Call to Action

What is the current culture of your organization? Take a moment to circle 10 attributes you currently recognize most within your organization:

- Lack of trust
- Ego/self-interest prevail
- Personal agendas
- Misaligned executive teams
- Functional silos
- De-valuing others
- Lack of direction
- Tyranny of the urgent
- Entitlement mentality
- Lack of creativity
- Risk aversion
- Complacency/mediocrity
- Accountability avoidance
- Unproductive employees
- High employee turnover

- Ethical behavior doing what is right
- Employee engagement
- Serving customer/employee needs
- Motivating/encouraging performance
- Teamwork/cooperation/collaboration
- Embracing diversity
- Clear direction/common goals
- Aligned on mission and vision
- Innovation/creativity
- Risk taking/freedom to make mistakes
- Productivity gains
- Results orientation
- Job satisfaction/personal significance
- "A great place to work"

If you circled more from the first column than the second, you may have a values problem within your organization—it's time to do something about it.

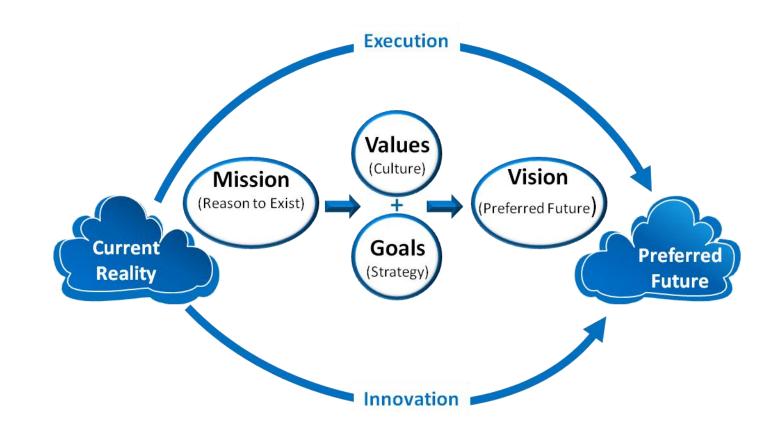


How VBL Impacts Culture

- 1. Leaders embrace VBL in their words and behaviors.
- 2. They understand the *current reality* and create a compelling vision for a preferred future while establishing behavioral norms necessary to create a corporate culture that produces desired operational results.
- 3. From this cultural foundation, leaders motivate employees who are aligned and engaged to effectively execute the mission, resulting in excellent execution, innovation, enhanced morale, improved efficiency, increased productivity, and greater operational effectiveness.
- 4. These attributes combined produce satisfied customers, repeat business and referrals which naturally generate revenue and profit growth.
- 5. The result? Value is created and the organization produces sustainable results while delivering outstanding ROI to shareholders.



The VBL Roadmap



Tactical execution of the mission requires appropriate behaviors (*culture*) focused toward achievable goals (*strategy*) to realize a preferred future (*vision*)—vision and strategies are seldom worthwhile in the absence of innovation, enabled and brought about by the desired culture.



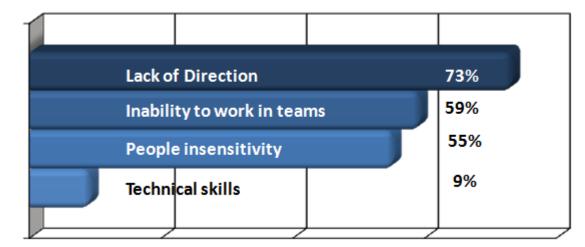
A VBL Case Study

Contributed by the Global Head of HR, Life Sciences Company

The challenge

Two multi-national corporations created a 50/50 joint venture, combining non-core animal health elements of their businesses. One company was French and the other U.S. The JV faltered during the first few years with revenue decline and no real integration of the businesses. Two very different, competitive cultures inhibited team-work, and there was no real vision for the future. Indicative of these problems were unacceptable results of a survey measuring employee engagement.

Pertinent to some of the challenges faced by the Case Study company, a Hay Group/Fortune magazine study revealed the following causes for leadership failure:



Source: Hay Group/Fortune Study 1999



The approach

How would you approach the challenge? Change the leadership team? Rationalize each function? Reduce all budgets by 10%? Hire expensive consultants?

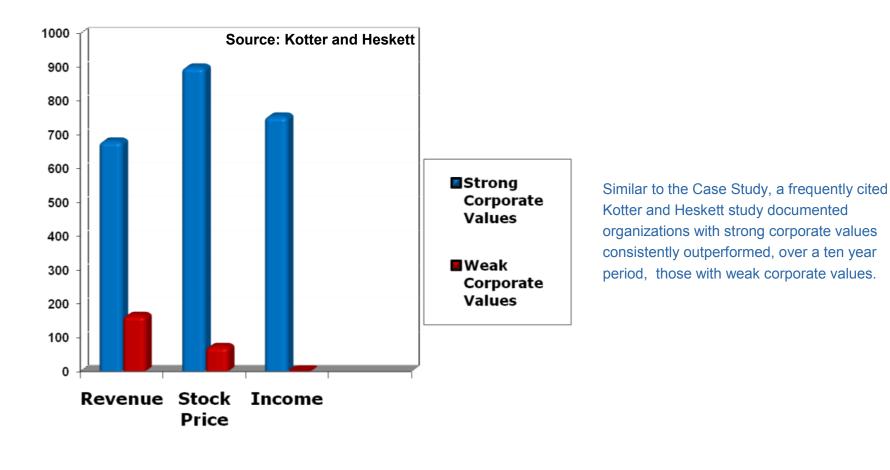
What about another approach? What about implementing transformational change by embracing Valuesbased Leadership, or VBL...

Embracing VBL, the leadership team understood that transformational change happens when a company's leaders...

- 1. Define a clear Mission and create a compelling Vision for the company.
- 2. Establish Values that define behaviors required to achieve the desired results.
- 3. Establish a communication process to implement the Mission, Vision and Values, and to develop appropriate strategies.
- 4. Live the Values and walk the talk.



VBL leverages the potential contribution that each employee can make—the discretionary effort that will only be given because they are involved in something bigger than themselves, something that brings them each significance and fulfillment. Reaping that discretionary effort from employees required a true commitment on the part of the organization's leaders to be transparent, open and listening.





The results

Once the leadership team embraced VBL and initiated a VBL culture, transformation did, indeed happen. Revenue grew from \$1.4 billion to \$2.2 billion in 6 years, a 60% increase, all done from organic growth. A second global employee survey resulted in improved results, moving from the bottom quartile to the third quartile in just four years.

Summary

If one were to ask the employees of the organization how they accomplished these results, they would say they did it. They were given the tools they needed to make the Vision a reality. They were given a corporate culture that embraced the right Values, a code to work by, and the trust to do their job. They were treated the way we all expect to be treated. In today's industrialized world, we each want to be part of something bigger than ourselves—we want to self-actualize—and VBL leaders who create VBL cultures provide the means for employees to do just that. For this company, Values-based Leadership made a difference and enabled cultural transformation and sustainable results.





Call to Action

What can you learn from the previous case study? In addition to Values-based Leadership being tangibly effective, it is also replicable.

Just as the VBL Roadmap leads to a destination, a Preferred Future, you too must have a future in mind. What is the Preferred Future for you?

What is your Preferred Future for your organization?



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Becoming a Values-based Leader—*The Profile*

Values-based Leaders...

- Set an uncompromising example, demonstrating integrity;
- Selflessly serve and raise-up others in genuine humility;
- Show compassion by caring for others and developing their potential;
- Are purpose driven, aligning with corporate mission, vision, and values;
- Demonstrate courage and persevere to do the right thing;
- Are self disciplined, holding themselves and others accountable;
- Show gratitude and appreciation, acknowledging the contributions of others.



"The object of leadership is the followers themselves."

- Richard Phillips



Leadership Styles

From a VBL perspective there are four primary leadership styles. While each can be effective, only the Values -based style drives sustainable, positive results.

 Driver: The Power of Process Goal: Accomplish organizational goals Means: Manage outcomes Approach: Operational Emphasis: Process, policy, procedure Outcomes: Achieve organizational objectives Cautions: Tend to be insensitive to other's needs and ambitions Followers might have love/hate feelings 	Driver: The Power of Values Goal: Create value Means: Identify and meet constituent's needs Approach: Earn authority Emphasis: Provide significance/establish a legacy Outcomes: Lasting value/sustainable results Cautions: - Requires establishment of a values-based culture - Requires a paradigm shift from traditional models
Driver: The Power of the Position Goal: Deliver results Means: Demonstrate personal expertise and ability Approach: Exercise power Emphasis: Command and control J J J J J J J J J J J J J J J J J J J	Driver: The Power of Personality Goal: Maximize human resources Means: Build relationships/teams Approach: Interpersonal Emphasis: Motivate people Outcomes: Loyal and engaged followers Cautions: - Tend to lose focus on the big picture - Followers might lack confidence in motives

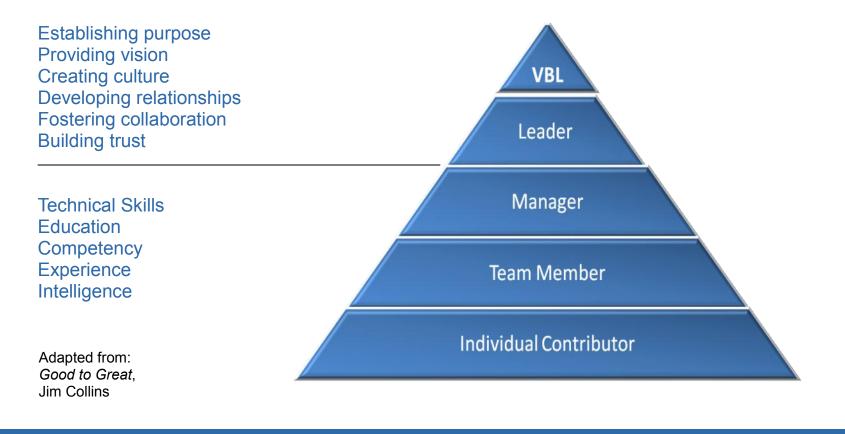
Musser/Orke Values Grid

Looking at the chart above, which style best fits you currently? Why?



The Leadership Journey

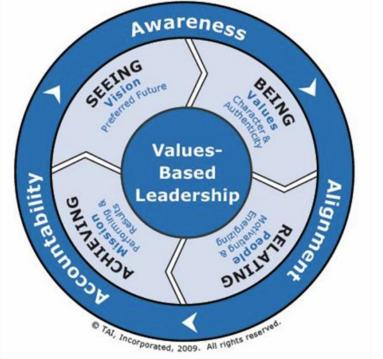
Becoming a Values-based Leader doesn't happen overnight and for most aspiring leaders, requires a paradigm shift in the way they manage and lead. As the old saying goes: "What got you here won't get you there." In other words, the skills, talents, experience and education that enables successful ascent of the leadership hierarchy will serve you well only until you gain clear leadership responsibility. At that point, a very different set of leadership attributes is required, as seen in the graphic, below.





On Becoming a Values-based Leader...

Values-based Leaders do not evolve by accident—it takes intentional effort to become one. Below is the model to which such aspire. The following page outlines the process by which this transformation occurs.



	The Model	What it means
	Seeing— Vision (Preferred Future)	Provide vision and direction Articulate corporate values Create "a great place to work"
Alic	Being— Values (Character & Authenticity)	Value people over process & profit Lead by example Act with integrity "Live" the corporate values Accept responsibility
	Relating— People (Motivating & Energizing)	Interact with humility/compassion Provide significance for employees Communicate effectively Foster empowerment & teamwork
	Achieving— Mission (Performance & Results)	Create value for customers/clients Drive sustainable growth/profits Establish a VBL culture Demand accountability



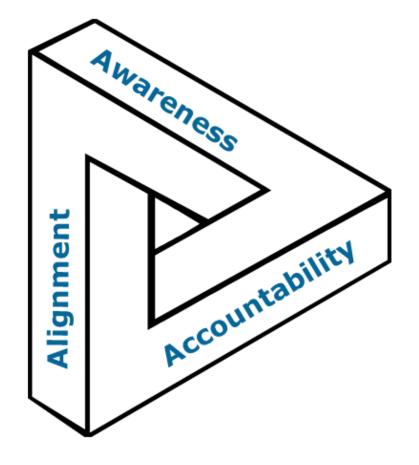
The Triple "A" Process...

Becoming a Values-based Leader requires openness and commitment to change. Success depends on a process proven to deliver extraordinary results...the Triple "A" process.

Awareness – Honestly assessing yourself and your organization in order to achieve maximum effectiveness in your relationships and leadership.

Alignment – Creating congruence between leadership values, words and actions, to realize unity of purpose and to achieve stated goals and objectives.

Accountability – Insuring personal and organizational values are reinforced and key issues continually addressed to establish a new corporate culture and achieve desired results.





Call to Action

What you can do to start implementing the Triple "A" Process:

Awareness – Honestly assess yourself and your organization in order to achieve maximum effectiveness in your relationships and leadership. How do you think others may rate your leadership effectiveness? What attributes do you exhibit that cause others to *want* to follow you?

Alignment – Create congruence between leadership values, words and actions, to realize unity of purpose and to achieve stated goals and objectives. Do your actions match your words? Do you remain true to your stated mission?

Accountability – Ensure personal and organizational values are reinforced and key issues continually addressed to establish the desired corporate culture and to achieve expected results. Have you implemented and do you submit to a formal process for accountability?



When Leaders are Imperfect...

Becoming a Values-based Leader is both a process and a journey—a journey in which one never fully arrives. At some point in the journey, we each will stumble and fall. We are imperfect human beings, and sometimes we will make mistakes—we will do the wrong thing. When we fail, we usually seek and expect forgiveness from others. Likewise, when we find our leaders behaving imperfectly, we must:

- Hold them accountable
- Forgive them
- Correct and guide them
- Support and stand by them
- Encourage them and expect the best from them

In a values-based culture these actions are appropriate whether up or down the leadership hierarchy. These actions are necessary and appropriate when relating to our boss, peers or subordinates.

When we recognize our own imperfections we must also recognize them in others and be willing to extend the consideration and grace we would expect extended to us.





The Indispensable Value...

While leaders may create strategy, strategy is executed at the base levels of an organization. It is humility that enables the leader to connect with the lowest level of an organization to ensure appropriate execution and to achieve desired results. Humility is the one indispensable trait of values-based leaders because leaders who demonstrate true humility are best able to motivate followers to high levels of execution and performance.

Humility precedes any success we may hope to achieve; it precedes any glory we might seek, and it precedes any honor that may come to us.

"Self-fulfillment comes only through self-denial. The most certain way to miss self-fulfillment is to pursue it." - Richard Foster



Humility Precedes Glory



What is Humility?

Humility is the basis for the other values. Considering humility within the framework of VBL we see that personal honesty reflects the value of integrity. *Forsaking personal ambition* and *refusing arrogance* correspond to an aspect of humility. Demonstrating *care* and *respect* suggests compassion. Serious *commitment to selfless goals* reflects purpose-driven behavior. *Perseverance* in the face of hardships requires courage. Personal *responsibility* equates to accountability. And one who genuinely *appreciates others* demonstrates gratitude.

Humility is a vital truth that connects leaders to others. It's what makes them approachable and allows dependency on others—humility is the power of understanding that I can't, but *we* can. For the follower it actualizes the collective power in community. For the leader it is manifested in the power of the team—the power of *us*.

"Most of us in our heart of hearts believe that the world revolves around us." - Anonymous



Call to Action...

How well are you connecting with those who are following you? Are you able to relate to them? Are you able to motivate and inspire? Have you asked others their opinions on these topics? Humility is the trait that allows us to connect with others—to motivate and inspire others. Take the quiz below to see how you measure up (for the brave at heart, perhaps it would be beneficial to ask others to assess you!).

(Worst) (Best)	At Home	At Work
I care more about others than myself		
I don't have to have what I want		
I don't brag or boast		
I don't have a swelled head		
I don't force my will on others		
It's not "me first"		
I don't anger easily		
I don't keep score of the failings of others		
I state the truth with kindness		
I always look for the best in others		
Total Score		

Score	Rating
45 or more	Excellent
40 to 44	Above Average
35 to 39	Needs Some Work
34 or less	Trouble Mode



A Word About Pride...

From The New Man by Thomas Merton

"In a sense, pride is simply a form of supreme and absolute subjectivity. It sees all things from the viewpoint of a limited, individual self that is constituted as the center of the universe...if I am the center of the universe, then everything belongs to me. I can claim, as my due, all the good things of the earth. I can rob and cheat and bully other people...yet at the same time, all must respect and love me as benefactor, a sage, a leader, a king...humility, therefore, is absolutely necessary if man is to avoid acting like a baby all his life.

To grow up means, in fact, to become humble, to throw away the illusion that I am the center of everything and that other people only exist to provide me with comfort and pleasure. Unfortunately pride is so deeply embedded in human society that instead of educating one another for humility and maturity, we bring each other up in selfishness and pride."

PRIDE



About Transformation...

Transformation can occur if the destructive nature of pride is understood and the secret of humility embraced.

In fact, revealed in Jim Collin's study of the greatest public corporations over a 35 year period, was the fact that the overarching commonality was that the founding leaders possessed, what Collin's called, *absolute humility*. Leaders who demonstrated humility led their companies to outperform the market 7:1 during the period.





How Transformation Occurs...

When leaders embrace humility the result is transformational change. Ultimately the change occurs when humble, selfless, outwardly-focused leaders determine to bring value to others in order to make a difference in their organizations, and in society as a whole. Transformation happens when leaders look outside of themselves in order to...

- Provide meaning and enable lives of significance
- Promote compassion and respect for all peoples
- Foster collaboration and cooperation
- Uphold social justice
- Bring peace among all constituencies
- Fight poverty
- Improve healthcare and education
- Contribute financial resources to meet human needs
- Serve others at all times and at any cost





So, What Now?

If we engage in the practice of leadership to further our own goals and reputation, we inevitably will create an environment inviting our followers to do the same, thereby enabling self-focus to run rampant throughout our organizations. Self-focus does nothing to benefit positive organizational results; it serves merely to achieve personal results at the expense of the organization.

Leaders who wonder why dysfunction derails progress at every turn might do well to consider a personal change of direction, embracing Values-based Leadership as the catalyst for transformation, for organizational health and achievement.

Transformational leadership seldom is an "all or nothing" proposition. Most leaders are neither great nor terrible—we are simply imperfect. Transformation occurs when we acknowledge our imperfection and set the growth process in motion.

It's up to you...

"If we don't change our direction, we're likely to end up where we're headed." - Chinese Proverb



Important Questions...

How will you take what you've learned from this book and apply it to become a truly transformational leader? What steps can you take today to ensure your values are communicated and that those values translate into your beliefs, thoughts, behaviors and performance?

The secret is found when you move from *power* to *people*—from *pride* to *humility*—from focus on *me* to focus on *us*. Harnessing the power of the secret depends on you. You, as a leader in whatever capacity, are in the drivers seat and it's up to you to plot the course for those who are following you. Will you?

Will you make the choice to become a Values-based Leader and to instill Values-based Leadership principles down and throughout your organization? Will you set a clear path and let your actions reflect your values?

Take heart: Values-based Leadership is not a destination, rather it is the path toward an ideal—and success is found in the journey.

I fervently hope you will undertake the journey.





Learn More...

If you would like to learn more about Values-based Leadership...

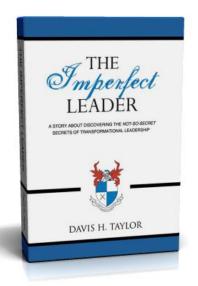
- 1. Order The Imperfect Leader: A Story About Discovering the Not-So-Secret Secrets of Transformational Leadership at: <u>www.Amazon.com</u> or <u>www.DavisHTaylor.com</u>
- 2. Sign-up for our free Leadership Imperative Newsletter at <u>www.DavisHTaylor.com</u>.

If you want to learn more about becoming a Values-based Leader or how to create a Values-based corporate culture...

- 1. Contact us at <u>www.taiinc.com</u> or 215-493-7784 to learn about VBL workshops, leadership development initiatives, team alignment surveys and leadership assessments .
- 2. Visit <u>www.DavisHTaylor.com</u> to arrange a speaking engagement at your organization.

"There is one true and effective model for leadership that outperforms all others—it is time-tested and historically proven to be the leadership model for transformational change. In The Imperfect Leader, Taylor offers an interesting, well written articulation of that model. It is a very practical book that should be read by any leader seriously intending to make a difference—in their organization—or in the world."

-George Gallup, Jr., The Gallup Organization





About Davis H. Taylor

Davis Taylor is founder and leader of TAI Incorporated. He has over twenty-five years experience in organizations ranging from a high-tech start-up company to Fortune 50 corporations, where he provided vision and leadership to drive growth in challenging business environments, start-up ventures and turn-around situations. His contributions in six different industries provided real-world, practical experience and a proving ground to demonstrate the effectiveness of Values-based Leadership, with tangible results.

Prior to TAI Incorporated, Davis served as Vice President, Field Operations for Suburban Partners, a \$750 million energy services company. Previously, recruited by Investment Bankers to salvage a failing start-up business, he was Chief Executive Officer for Elcom Technologies. Before Elcom, Davis served as Vice President, Business Development at Lenox, Inc., with operating responsibility for six profit centers, including specialty corporate and international markets. Davis' earlier professional experience includes national accounts, sales management, process improvement and operational roles at Pepsi Cola and Baxter International. Davis served four years as a U.S. Army Officer and is a graduate of The Citadel, The Military College of South

He is available for seminars, leadership retreats and other speaking engagements on the content in *The Imperfect Leader*. If you are interested in having him speak at your event, please contact us.







Carolina.