The values most valued by UK plc

maitland
Not so long ago the idea that corporations might hold core values would have been considered fanciful.

Times are changing. In an era of radical transparency, driven by government and shareholder activism, businesses increasingly understand the need to give all stakeholders an insight into the culture which governs their behaviours and decision making.

More than that, values are now understood to be one of the foundations of successful companies. It’s no coincidence, for example, that some of the world’s strongest corporate cultures are to be found in Silicon Valley, home to the most highly valued corporations in the world.

Arriving at a set of core values, and then communicating them internally and externally, is no small feat. A beguilingly simple mission statement, vision and set of values can take months to craft with multiple parties participating in the process.

And yet, there remains the sense that values are often poorly understood. How many chief executives could honestly say that the values they’ve so lovingly crafted are fully understood and lived within the organisation?

I believe that articulating a set of core values is a critical task for any business and I’m pleased to see that 83 of the FTSE 100 companies do so. The hope and expectation is that those values have a life beyond corporate websites and annual reports. For many businesses, this is the next frontier.

A review of the corporate values of leading UK businesses is timely. The political landscape in this country is changing and the relationship between the public realm and private enterprise is back in the spotlight. The obligations and privileges of business will be even more hotly debated than usual in Westminster over the next few years.

Maitland has conducted an excellent piece of research which focuses on the values of FTSE 100 companies. The findings are instructive and the commentary is insightful. I look forward to further instalments of the Maitland Values Project.
The Maitland Values Project

For more than 20 years Maitland has been advising some of the world’s leading businesses on their relationships with the media, investors, regulators, politicians and other key audiences.

During this time we have helped countless clients explain their vision and strategy and to articulate their core values. To many it seems natural and reasonable that a company can value transparency or innovation or collaboration.

But can a legal artefact really champion these distinctly human traits? Are we just deluding ourselves when we describe a company as trustworthy, or for that matter deceitful?

That is just one of the questions we aim to address as part of the Maitland Values Project, which is designed to add to our understanding of the role values play in helping businesses become more investible.

We will also explore where values come from and ask which are most commonly expressed. How well understood are they internally and externally?

How easy are they to live up to? Do values vary by sector, by country and by corporate form?

In this first report we look at the FTSE 100, identifying the most commonly held values; we look a little deeper into the financial services sector and we ask more generally what makes for a good and useful set of values.

In July 2015 we reviewed the corporate websites and annual reports of all FTSE 100 companies in order to capture their corporate values. In some cases we found values stated explicitly as a list of individual nouns and verbs. In others they were expressed in more narrative form, sometimes as part of a declaration which also encompassed vision, mission and purpose.

We allowed ourselves a degree of interpretation. For example, ‘Team’ was described as a value by one business; we interpreted this as ‘Teamwork’ as it can be more accurately described as a value.

Seventeen of the companies in the FTSE 100 do not publish a set of values either on their corporate websites or in their annual reports, but 83 do and what they declare makes for fascinating reading.
A brief history of corporate values

“IBM’s… revolutionary idea was to define and run a company by a set of strongly held beliefs."

So said Sam Palmisano IBM’s then Chairman when the company published ‘the results of a global’ consultation on the firm’s values in 2003.

Few would argue that IBM, arguably the defining corporation of its generation, has a uniquely strong culture, so why would it wait more than ninety years to articulate a set of core values for all to see?

After all, since the early 1960s management theorists have discussed the origins of corporate culture, observing that organisations develop a personality based on shared beliefs and that these are shaped by the founder or leader.

Values as a facet of corporate culture is not a new idea but the practice of defining those values and stating them explicitly is a more recent phenomenon.

It has been 21 years since Jim Collins and Jerry Porras wrote *Built to Last*, the management tome which gave us a new language of mission statements, corporate values and Big Hairy Audacious Goals.

None of the concepts were new but, like Apple (which didn’t make the Built to Last list of ‘visionary companies’), Collins and Porras improved on what had gone before and drew it all together into a compelling package.

Over the years commentators have picked at the seams of *Built to Last*, questioning its methodology, conclusions and core principles.

Was *Built to Last* built to last waggishly asked Fast Company in 2004, noting that as many of the featured businesses had stumbled as had thrived in the intervening decade. “We never promised that these companies would always be great, just that they were once great,” retorted Collins.

The robustness of the *Built to Last* approach may be open to question but its legacy is there for all to see. Just visit any FTSE 100 website and chances are, sooner or later, you will stumble across a set of corporate values, often couched in the context of a vision or mission or, more recently, a social purpose.

In the same year that *Built to Last* was published, 1994, Angus Maitland opened the doors of his new communications consultancy. For more than two decades Maitland has been helping clients tell their stories in a landscape defined by Collins and Porras; a landscape of clear-sighted vision, stretching ambition, social purpose and a common set of values.

As both *Built to Last* and Maitland come of age, it is a good time to look at the last of these concepts, values, which Collins says are the foundation-stone of corporate culture. Strategies and practices may change he says but values do not.
It is a bold assertion. Values don’t change. To many it seems counterintuitive. If strategies and priorities change then won’t values follow suit? Is it likely that the values held by a 100 year old corporation have stayed the course for a Century?

We may find the immutability of values plausible among businesses whose core function has not changed, such as the 327 year old Lloyds of London. But what about electronics giant LG which started as a hygiene and cosmetics business in 1947?

In a future report we will look in more depth at where values come from; more specifically how the values stated on websites and in annual reports get there. It is already clear that dictatorship and democracy are both at play.

For his part, Collins preferred something closer to elected oligarchy. “Imagine you’ve been asked to recreate the very best attributes of your organization on another planet,” he said, “but you only have seats on the rocket ship for five to seven people. Who would you choose?” It is this group – the famous Mars Group – that Collins says should be entrusted with establishing the core values of organisations down here on Earth.
Integrity, respect and innovation. As a set of core values they sound impressive. But any business claiming them for its own will have plenty of competition as these are the most commonly expressed values of FTSE 100 companies.

Integrity is claimed as a core value by 35 of the FTSE 100; respect by 29 and innovation by 24.

The top ten values claimed by the FTSE 100 comprise an impressive list of virtues including transparency, responsibility and honesty.

It is perhaps no coincidence that many of these characteristics are precisely those which corporations are routinely accused of lacking.

Joel Bakan, in his influential 2003 work *The Corporation*, argues that publicly held companies are compelled, by their nature, to act in pathological pursuit of profit and power.

Whatever the explanation, it is interesting to note that so many of the more commonly expressed values relate to behaviour traits rather than strategic or operational characteristics such as flexibility, efficiency, speed and simplicity. These all feature in our research but tend to be found towards the lower end of the league table.

There is plenty in this analysis for lovers of language to get their teeth into. Are Teamwork and collaboration the same thing or do they have distinct shades of meaning? What is to be made of a business which claims both as core values?

Inevitably, there are values which refused to fit neatly in to our methodology. Individual nouns and verbs were no problem. Nor were narrative statements as we were easily able to identify component values. But what were we to make of ‘Do the right thing’ (AstraZeneca), “Be your brilliant self” (ARM Holdings) and “Make things happen” (British Land)? Sometimes we sensed, values were conveyed as much by style as by substance.
The values most valued by FTSE 100 companies
Openness, on the other hand, is most certainly in the gift of corporations and it is interesting to see it make the top five of a sector often branded opaque.

Interestingly, trust was claimed by only one financial services company, perhaps suggesting the sector feels that trust is something to be conferred on it by others rather than claimed explicitly, for now.
Case Study: A Blueprint for better values

For most businesses, core values form just one part of a corporate mantra; one that also embraces a vision or a mission or both. But over the past few years a new idea has emerged; an idea rooted in moral philosophy, social science and religious teaching. That idea is purpose.

Whereas vision describes a far sighted ambition, and mission focuses on operational excellence, purpose touches on something quite different; the idea that businesses exist to serve the needs of society as well as to turn a profit.

Paul Polman of Unilever, Vodafone’s Vittorio Colao and Paul Feeney of Old Mutual Wealth are among the business leaders who not only advocate the idea of purpose as a guiding principle but actively support an initiative designed to spread the word.

Blueprint for Better Business emerged from a meeting of senior business leaders and the Archbishop of Westminster in 2011. Could the principles of Christian moral and social teaching bring about a change in business, the group wanted to know.

Two years later, an expanded group published the Five Principles of a Purpose Driven Business. At first sight the principles may seem no different from a corporate social responsibility statement. They deal with treating customers and suppliers fairly; being a responsive employer and taking account of social impact.

But at the heart of the Blueprint is the notion that businesses must have a ‘purpose that serves society, respects the dignity of people, and so generates a fair return for responsible investors’.

Blueprint’s founders observe that people often feel that they are expected to behave differently at work – applying a different set of values to those that they apply in their personal lives – leading them to feel they are living a divided life.

Aligning the values of the individual with the values of the organisation, underpinned and enabled by a clear and motivating purpose, redresses this imbalance, they say.

A number of organisations are applying the Blueprint’s five principles, beginning by understanding current behaviours and their impact and then building, piece by piece, a framework of behaviours for each group of stakeholders.
What makes for a good, useful set of values?

by Steve Marinker,
Partner and Head of Maitland Corporate

Articulating a set of values which is both authentic and distinctive is a perennial problem for business leaders.

Core values statements can sometimes sound trite. The more common the values the more apt they are to sound unconvincing.

Conversely, some businesses have worked hard to capture the nuances of their organisational culture. Pearson is a stand-out example. Of its four core values, three – bravery, imagination and decency – are expressed by no other FTSE 100 company. (See Common Decency, page 12)

Decency may be a close cousin of integrity but it has a nuance which sets it apart. Decency suggests social approval as well as legal and regulatory compliance. One can see why this shade of meaning would be important to a business serving the education sector.

The distinctions may seem piffling but they’re important. No business would choose an advertising slogan which was near identical to a competitor’s yet when it comes to corporate values, which arguably perform an analogous function, there is a remarkable degree of congruity.

I believe that when businesses come to review their values they should consider three categories; those that are minimum standards of social conduct; those that are true to the founding principles of the organisation and those that are aspirations.

I would urge businesses to think hard about values such as integrity, responsibility, transparency and trustworthiness. Most people will consider these to be universally desirable behaviours rather than distinctive and informative glimpses into corporate culture.

It is rather like introducing yourself at a party as someone who has never once kicked a dog or stolen from the elderly and expecting a round of applause.

Interrogate each value and ask whether there is an alternative expression which more accurately captures the unique culture and behaviour of the business. For example, would solidarity be a better choice than teamwork or collaboration?
Values are sometimes expressed as a short list of nouns and verbs and other times in more narrative form. There’s nothing wrong with a narrative values statement but it’s wise to exercise restraint. One FTSE 100 business lays claim to no fewer than 27 values, which may be hard for anyone to absorb.

Some businesses open up the process of identifying values to all colleagues whereas others consult only leaders and long-servers. In general I think too much attention is paid to who is consulted and not enough to how the consultation is run. Simply asking people to come up with a list of values risks a long, bland list.

In my experience a series of one on one conversations and small group work across the organisation works best. You will forgive me for suggesting that there is real value in an external perspective here. Whatever your true values are, an outsider should be able to tune into them quickly and may be able to uncover a defining behaviour or belief which is so obvious that no-one inside the business would even describe it as a value.
It was former chief executive Marjorie Scardino who, inadvertently, articulated Pearson’s original core values. “I want to work for a company that is decent, brave and imaginative,” she said during her time at the top.

This was no declaration of corporate values but that’s precisely what they became. “Those three words took on a life of their own,” says Andrew Wood, Vice President, Global EVP, Culture and Engagement. “Time and again they cropped up on blog posts, in meetings and in presentations.”

As Pearson transitioned into a fully digital learning business under a new leader, John Fallon, it would have been no surprise to see those values replaced with something edgier. “We were fully prepared to move on if it was the right thing to do,” says Wood. “You could easily imagine us landing on values such as innovative or agile or disruptive.”

“But when we considered taking it away, people on both sides of the Atlantic said no; decency really captures the idea of doing the right thing. It means being honest and authentic, committed to diversity and inclusion; it means not having hidden agendas. In short, they told us that decency as a value was too important to lose.”

In the end, all three of the original values made it through the review process intact but with much clearer definitions and an accompanying set of behaviours. The exercise clearly aligned the values to the Pearson brand, and identified ways to build a values-driven culture.

As part of the process, all sorts of alternative values were considered, but they were rejected for lack of authenticity. When it was suggested that existing values might be replaced there was a lot of resistance.

Decency is a prime example, as Katy Hemmings, SVP Employee Communications, explains. “During the transition and reorganisation, with all the inevitable uncertainty it brought, people would often ask themselves if a particular behaviour or proposed course of action was ‘decent’,” she says. “In some cases, being ‘decent’ had become associated with shying away from difficult decisions. It’s a word we’ve struggled with. Also, half our people are based in the US where decent can mean ‘satisfactory’. That’s a decent steak, for example.

Last year the business undertook a thorough re-examination of purpose and values via an all-employee engagement survey and a series of online focus groups. “We wanted to understand our people’s expectations of leadership and the behaviours they felt were critical to our future success,” says Wood. At the same time Pearson looked afresh at its brand via a series of workshops, interviews and an internal 12,000 person survey, along with external research.
A fourth value, accountability, was also added. “I think it’s helpful to have some tension within your core values,” says Hemmings. “Accountability acts as a useful counterbalance to bravery and imagination, and it reflects our renewed focus on outcomes.”

“I don’t expect anyone externally to be able to name-check our values,” says Hemmings, “but when you put them in front of key stakeholders they should be able to say, yes, I recognise those behaviours. That’s Pearson.”
Four is the magic number

Values statements come in three flavours. Some corporates opt for a short list of nouns and verbs; others identify themes and expand on them with examples of behaviours; and then there is the long form narrative values statement.

For the purposes of this research we extracted individual values from narrative statements to help us conduct our analysis. It was an instructive process.

See if you can guess the FTSE 100 from this set of values: Integrity, Striving, Ambition, Courage, Innovation, Relentlessness, Improvement, Change, Learning, Perseverance, Excellence, Collaboration, Trust, Celebration, Initiative, Accountability, Responsibility, Authenticity, Listening, Respect, Sharing, Simplicity, Can-do attitude, Fun, Excitement, Confidence and Empowerment.

It’s Direct Line and these are the individual values, grouped under six broad themes, we identified. Perhaps most readers would focus on the themes rather than interpret each of the words listed here as explicit, deeply held corporate values in their own right.

Nevertheless, we would like to suggest that, in the spirit of Blaise Pascal, it is worth taking the time to write something shorter.

If 27 is too many then what is the right number? There is no empirical answer to that question but our research suggests that four is the modal average.
It could be argued that there is a limited vocabulary available to those tasked with articulating a set of values.

There are only so many desirable behaviours out there so it is scarcely surprising that so many businesses congregate around similar language.

Perhaps that is why in conducting the research we found ourselves increasingly drawn to those values which were expressed least often. They seemed more likely, in our opinion, to be the result of a proper exercise in self-reflection.

Examples include Autonomy (Capita); Velocity (Sage) and Boundarylessness (RELX*), all of which cropped up just once in our research.

It is worth reflecting on these.

Autonomy is not the same as independence. Independence, it could be argued, suggests freedom from control whereas autonomy implies freedom to self-determine. For a business which relies on tens of thousands of people making politically sensitive judgements each day, autonomy captures the desired behaviour well.

Why velocity and not speed? Well, velocity is more than a synonym for speed; it implies predictability, control and purpose. A runaway train has speed; a rocket achieves velocity. You can see why velocity works better than speed for a business like Sage.

As for Boundarylessness, it is a hopelessly ugly word but perhaps that is the point. RELX describes it thus:

“Boundarylessness means we embrace the global nature of our business and encourage people to work collaboratively across business units, hierarchy, functions, and geography. We seek to break down barriers between organisations and encourage our people to support one another, and develop positive partnerships with customers and suppliers.”

Conceptually, it is hardly ground breaking but by describing it in a way that no-one does, or would dare to, RELX is able to put its own stamp on common idea, and in so doing convey its importance internally.

*formerly known as Reed Elsevier
Here is a list of values mentioned once only by FTSE 100 companies:

<table>
<thead>
<tr>
<th>Forward thinking</th>
<th>Valuing our people</th>
</tr>
</thead>
<tbody>
<tr>
<td>Science-Led</td>
<td>Boundarylessness</td>
</tr>
<tr>
<td>Open-mindedness</td>
<td>Prudence</td>
</tr>
<tr>
<td>Protection</td>
<td>Commercial-focus</td>
</tr>
<tr>
<td>Exploration</td>
<td>Velocity</td>
</tr>
<tr>
<td>Inspiration</td>
<td>Urgency</td>
</tr>
<tr>
<td>Consistency</td>
<td>Nimbleness</td>
</tr>
<tr>
<td>Autonomy</td>
<td>Confidentiality</td>
</tr>
<tr>
<td>Curiosity</td>
<td>Security</td>
</tr>
<tr>
<td>Restlessness</td>
<td>Equality</td>
</tr>
<tr>
<td>Relentlessness</td>
<td>Effectiveness</td>
</tr>
<tr>
<td>Perseverance</td>
<td>Probity</td>
</tr>
<tr>
<td>Excitement</td>
<td>Enthusiasm</td>
</tr>
<tr>
<td>Empowerment</td>
<td>Forthrightness</td>
</tr>
<tr>
<td>Accuracy</td>
<td>Evidence-based</td>
</tr>
<tr>
<td>Pioneering</td>
<td>Recognition</td>
</tr>
<tr>
<td>Expertise</td>
<td>Kindness</td>
</tr>
<tr>
<td>Client-centric</td>
<td>Spiritedness</td>
</tr>
<tr>
<td>Dependability</td>
<td>Dignity</td>
</tr>
<tr>
<td>Connectedness</td>
<td>Commitment</td>
</tr>
<tr>
<td>Pragmatism</td>
<td>Progress</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Risk</th>
<th>Ability</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ingenuity</td>
<td>Compliance</td>
</tr>
<tr>
<td>Agility</td>
<td>Responsiveness</td>
</tr>
<tr>
<td>Conviction</td>
<td>Freshness</td>
</tr>
<tr>
<td>Difference</td>
<td>Ethical behaviour</td>
</tr>
<tr>
<td>Creativity</td>
<td>Availability</td>
</tr>
<tr>
<td>Ability</td>
<td>Motivation</td>
</tr>
<tr>
<td>Compliance</td>
<td>Bravery</td>
</tr>
<tr>
<td>Responsiveness</td>
<td>Imagination</td>
</tr>
<tr>
<td>Freshness</td>
<td>Decency</td>
</tr>
<tr>
<td>Ethical behaviour</td>
<td>Achievement</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Accuracy</th>
<th>Evidence-based</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pioneering</td>
<td>Recognition</td>
</tr>
<tr>
<td>Expertise</td>
<td>Kindness</td>
</tr>
<tr>
<td>Client-centric</td>
<td>Spiritedness</td>
</tr>
<tr>
<td>Dependability</td>
<td>Dignity</td>
</tr>
<tr>
<td>Connectedness</td>
<td>Commitment</td>
</tr>
<tr>
<td>Pragmatism</td>
<td>Progress</td>
</tr>
</tbody>
</table>
Can you match these values to the companies they belong to? Answers at foot of page

a) Protect, explore, inspire
b) Customer, Team, Honesty, Change, Pride
c) Dependable, Open, Connected
d) Trusted, Bold, Innovative

BT; HSBC; BAE Systems; Burberry
Maitland
125 Shaftesbury Avenue
London
WC2H 8AD

Telephone
+44 (0) 20 7379 5151

Email
Steve Marinker, Partner
smarinker@maitland.co.uk

Website
www.maitland.co.uk