

Why Most Corporate Values Aren't Valuable

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Why are most corporate values so boring? Recently, I decided to browse the 2023 value statements within the global building sector, where our agency has done significant work. In doing so, I found a lot of overlapping values, including respect (treating others fairly); integrity (upholding high business standards); service (making a meaningful impact); and

excellence (striving for continuous improvement to be the best). Are your eyes glazing over? Try this one from a global construction firm, which is just a list of words: *teamwork, integrity, commitment*.

Remarkably, the vast majority of companies across all sectors continue to use these kinds of tired platitudes to describe the way they do business. As Denise Lee Yohn wrote (humorously) in *Harvard Business Review*, the problem with these types of shop-worn phrases is twofold: Common phrases are not unique. (In fact, one study found that 90% of corporations in its research used the word “integrity” or referenced ethical behavior in their core values.) And second, these phrases are table stakes for doing business. You should be ethical and committed in order to do business. Surely, there are no bragging rights to delivering service or acting respectfully.

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Clearly, companies wouldn't be crafting value statements if they weren't important. It matters for revenues. Sprout Social, Barron's, Edelman and a slew of other firms have done studies showing that customers won't do business with a company that doesn't share their values. Furthermore, attracting talent heavily depends on it, which is why employer branding is a priority among CMOs.

So, given the importance of corporate values, how should it be done? When we do value-setting with clients, we establish clear ground rules for how to arrive at real corporate values, which I'll dive into below. To understand it, we need to take a look at the big picture.

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The study of ethics is as old as time. Whether Confucian rituals, Kantian imperatives or Dewey's utilitarianism, there has been a convergence within the business world around what constitutes good-faith business practice. The main problem with most corporate values is that in expressing these, they are often narrowly focused on one part of the universal ethical framework that guides human actions. At a very simple level, the rightness or wrongness of something can be assessed by looking at one of three things: the actor, the action or the outcome.

Most corporate values originate from the first type (called virtue theory). Think of this as a series of character traits that constitute a good person (or company). Aristotle, for example, thought justice, prudence, temperance and courage were the standard for probity. This is where most corporations are focused in their value statements. They decide what traits matter to their customers and then claim those as their defining features, often without any proof. What's the problem with that? Simply that virtues are highly decontextualized and can be manipulated in all sorts of ways. For example, a company that overworks and underpays its employees could call itself cost-efficient or productivity-obsessed. Alternatively, a

company with a toxic alpha culture could use words like “bold” or “maverick” to describe itself. Virtue theory is a semantic minefield, which is why corporate value statements often seem so flimsy when you read them.

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The other two ethical strategies make for far better corporate value statements. Using action as the basis (called deontology) looks at the intentions and principles behind the activities of a company. These are much more compelling because they employ not character traits but the intent and whether a company is fulfilling its duty to the world. Here, what matters is not how you describe yourself but whether you act in accordance with universal principles of how to treat people and the planet. Google's values are all deontological principles, which include the following: "Democracy on the web works. ... You don't need to be at your desk to need an answer. ... You can make money without doing evil. ... The need for information crosses all borders." Or this core value from the project management firm Asana: Reject false tradeoffs: "Choosing between two sides of an extreme results in losing the benefits of one, so we commit to searching for a third way that incorporates the truths of both." Notice how deontological pronouncements can sound unique and passionate.

An equally effective approach is to look at the outcomes of a company's practices (called consequentialism). You'll recognize these as the companies that look at things like their environmental footprint and community impact, like Ben & Jerry's or Patagonia. In Patagonia's elaboration on its core value of "justice," notice not only the sentiment but the voice: "We embrace the work necessary to create equity for historically marginalized people and reorder the priorities of an economic system that values short-term expansion over human well-being and thriving communities. We acknowledge painful histories, confront biases, change our policies and hold each other accountable."

The use of words like “marginalized,” “painful” and “thriving” tell us they are attentive to what’s happening in the world today and the way culture has crystallized emerging voices and identities. This brings me to what many of today’s value statements miss: They seem disconnected from the energy and urgency of today’s public sphere—a place where so much that seemed impossible in the past now seems possible.

In 2023, businesses can’t afford to be disconnected. We are living in momentous times, and it’s time that corporate values reflect that.

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