



Leading through an Internal Values Challenge: Changing Culture Case Study (2021-2)

Many thanks to Jeff Foley, Brigadier General, US Army (retired) for authoring this case study. Jeff's leadership and commitment to values both in the United States Army and today as a Leadership Coach and Consultant continues to inspire his clients and the Integrity Consulting Team.

A small private Canadian based company in the energy industry had grown into a very successful public company over the past 30 years. They provided manufacturing, installation and maintenance services. The organization had grown dramatically to 2500 employees with offices originally only in Canada to now multiple countries serving clients around the globe. Their annual sales had grown in excess of \$750MM. The company enjoyed a great reputation, stock prices were continuing to grow, life was good.

While the company was enjoying success on a global scale, other significant challenges began to emerge that were causing serious concerns for the CEO and his leadership team. These challenges, if not addressed and fixed, were going to have a significant and lasting impact on the organization. Their turnover rate of good people was too high, margins were too low and their reputation was suffering in some markets. To make matters worse, a senior executive had just been fired for violations of ethical standards. And to top things off, the current CEO wanted to retire.

To help address and fix these growing challenges, the CEO hired a new President with the focused agenda to cleaning up the organization and getting it back on track.

The new President conducted his initial assessment of the challenges in the organization. He verified that the people throughout the organization had the



requisite technical skills to provide the products and services to meet the clients needs. However, he discovered at the very core of their challenges was a distinct lack of alignment from the leadership team and throughout the organization on expectations of behaviors – or how people got things done. The focus across the entire organization was achieving financial goals on a monthly basis without regard to how people were achieving them. How was he going to change this culture?

If he could not change the mindset of the leadership team, he was never going to change the rest of the organization and he would simply fail. The organization had no vision or mission. They had some basic values in the employee manual but no one knew them and they were not well translated into different languages and did not address the cultural norms of the various other countries where the company was doing business. ~~addressed the various cultures that exist in some other countries.~~ Basically no one knew the values and there was no accountability for living them. One thing for sure, this challenge was too big for him to fix alone – he was going to need help, expert help.

Over the next ten weeks the President searched for consultants who specialize in building winning cultures. Based on his research he reached out to Integrity Consulting for help.

After our initial consultations with the President, it was clear that this organization needed a new vision, mission, and well-defined values as the foundation building blocks to help build a winning culture. Over the next 12 weeks, we worked with the executive group to define a draft version of the vision, mission and values. To help achieve clarity, understanding, and ultimate buy-in from the rest of the organization, a series of feedback sessions was conducted, both face to face and virtually, with employees from across the full spectrum of the organization where valuable feedback was received. The vision, mission, and values were refined based on that feedback and the President led the roll-out of them to the entire company around the world.

It was two months after the roll-out of the new vision, mission, and values that the President discovered some potential serious issues with the sales team. There was evidence that the sales team was submitting deceitful tenders on projects. The Request for Proposal would come in from a potential client with clearly established milestone dates. The sales team assumed that to compete for the contract, they would need to agree to meet the milestones even knowing that



they could not get the materials in time to meet them. Their logic was that every other company (competitors) bidding on the projects were in the same boat and doing the same thing. Whoever won the bid would simply start the project and then force the customer to adjust the milestones when materials could not arrive in time. It was an unofficial standard way of doing business that the company had been executing for years.

When the President discovered this practice and intent by his sales team, he realized it was in direct violation of the company's values of integrity and service. He was upset to say the least. This was clearly going to be the first real test of their values. What should he do? He could turn his eyes another direction and let the VP of Sales execute his process like he had always done in the past. What would the impact of that decision be especially after all the work to change the culture of his organization? If he chose to engage and direct a change in the proposal, what would be the impact to his VP of Sales and other members of his sales team? He knew the VP of Sales would react harshly and there was a clear potential that if all the competitors stated they could meet the milestones in their bids, then their company would simply lose all bids. What would be the impact of their reputation, one of his initial challenges? Would the potential loss of this contract affect the long-term possible gain for the company?

To address these significant challenges, the CEO met with his team and walked the situation through what they all learned in the Values-based Decision Making training program – the 6-step model.

The Application of the Six-Step Process:

1. Have I taken the time to stop and think? When, the CEO talked to the VP of Sales about following the values, the VP was confrontational. The CEO wisely acknowledged that this was a sensitive issue and suggested they meet the next day to resolve it. In this time period, the CEO realized that this was the first big challenge of his new values-based leadership. He also realized that the choice could cost revenue and possibly sales personnel. He would have to decide how to approach this to minimize the risk and demonstrate the values.
2. What are the short and long term goals? Are we sacrificing long for short? The short term goals were to get the work and ensure the team understood the values. The long term goals were his credibility as a leader, the company's



credibility in industry with customers and competitors as well as shareholder return.

3. What are the facts?

- a. The industry had been following this deceitful practice for years. Possibly the clients knew about it, possibly they did not.
- b. All competitors in the bid did have the same product supplier and therefore delay in materials availability for all competitors was an issue.
- c. This was the first “big” test of the CEO’s commitment to values and the potential cost of “doing the right thing”.
- d. Due to high competition, the competitive market was tight with many companies reducing margins just to keep the door open.

4. What are decision options and which one(s) are best?

- a. Option 1: Do nothing. Allow the VP of Sales to submit his proposal as he intended to do so and like he has done for years. (this ignores the new company values and possibly adversely impacts the organization’s reputation)
- b. Option 2: Direct the VP of Sales to modify his initial DRAFT proposal to include modified milestones based on known supplier schedules. (this takes into account the company’s values of Service and Integrity and takes an important step towards changing the culture of the organization and rebuilding the reputation). Although it may address why we can’t meet the requested deadlines, it does not address that our competitors can’t either.
- c. Option 3: Direct the VP of Sales to modify his initial DRAFT proposal to include the modified milestones based on known supplier schedules. In addition indicate known supplier inventories of equipment to support the argument that other competitors are in the same boat and potentially being deceitful on bids if saying they could achieve the milestones. This would align with the Service and Integrity and Success values as well as help the client become aware (if they weren’t already) about a systemic dishonesty issue in industry. This reinforced the commitment value by ensuring a value add in all customer contacts.



5. Does our decision pass our ethical decision filters?

- a. Our corporate core values? Yes or No
 1. Option 1 fails against our integrity value
 2. Option 2, meets our values, but leaves the client with questions, thereby adding no value (when we know the answer to the questions). Fails the Success value
 3. Option 3 passes and represents a trilemma option by following all values and filters and adding value to the client.
- b. Ethics check questions. Does it pass
 1. The Compliance filter Yes or No: Yes, option 3 meets any contract compliance issues
 2. The Ripple Effect filter Yes or No: Yes, after reviewing the various stakeholder perceived needs this does pass the ripple effect. There is a slight chance if we don't get the work, we may need to do temporary layoffs. These layoffs are seasonal and expected by many.
 3. The Golden Rule filter Yes or No: Yes, if I were the client I would want to know if the deadline can be met.
 4. The Gut Check filter Yes or No: Yes:
 - a. Option 3 passes the CEO's personal values and those of the Executive he sat with.
 - b. Would I want my decision published? Yes.

6. How are we prepared to monitor and modify our decision?

Put in place a plan to have the new President follow up with the client after either a bid success or failure to enquire as to how their bid could have been improved, including the impact of adjusting milestones in the bid.

The President made the decision to engage the VP of Sales and direct a change in the proposal's milestones as determined by the VP with inclusion of the rationale for the change and communicating supplier inventories. The VP of sales was incredulous at this request. The President said that "if all the competitors were getting their materials from the same suppliers, as was the case, and all had the same product availability dates, then we should simply let our customers know that in the proposal and be the first to tell the truth."



Despite his objection to the decision, the VP of Sales modified his proposal as directed. His sales team was furious, with one member refusing to comply and eventually being fired. The proposal was submitted with revised milestone dates and a rationale regarding supplier product availability. Much to the surprise of the VP of Sales, his proposal won the bid. The client's response was "finally we have a provider who is willing to tell us the truth up front." In addition to this contract, the client then awarded them two new tenders without having the company bid on the work. The word spread throughout the sales team about the importance of making decisions based on their values.

The company's reputation in the industry as an ethical provider became well known. The impact of this decision spread around the company and throughout their global enterprise. The vision, mission, and values continue to be at the forefront of this organization in their journey to building and sustaining a winning culture. The President eventually was promoted into the CEO position.