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Values at Work in BDO Stoy Hayward

Successfully building a strong culture

How can you ensure that the values you state as an organization are genuinely believed, shared and put into practice? Here, managing partner Jeremy Newman and Jan Thornbury, the consultant who designed the process, describe how accountancy firm BDO Stoy Hayward brought its core values to life.

IN SUMMER 2002, ACCOUNTANCY firm BDO Stoy Hayward embarked on an internal initiative that became known as “Values at Work.” It succeeded in defining a set of core values that had overwhelming levels of support and buy-in from people at all levels of the firm. The firm has already seen positive results, and Values at Work continues as an ongoing program of implementation and organizational development. This article describes the motivation behind the project, the approach, results, the way ahead and the learnings gained.

The first question – why bother?

Any culture initiative is a long-term commitment, and requires unflagging levels of support. We had to make sure that people saw Values at Work as something critical to the firm’s success. Our first step was to develop and communicate the business case for the project.

We drew on research¹ that shows organizations with strong cultures simply perform better, but to make the business case compelling, we also needed to look at the issues facing the firm and, specifically, to demonstrate how values would help the business. There were three key elements:

- At the time, BDO Stoy Hayward was in the final stages of transition from a network of independent practices to one fully-integrated, national firm. There was an acute need to build cohesion and a sense of belonging across the new firm. A shared set of values would be fundamental to this.
- The firm had been developing its brand, and needed to ensure that people lived up to it in their behavior – clearly a cultural issue.
- In the wake of the Enron scandal and demise of accountancy giant Andersen, the importance of making hitherto assumed values explicit, and finding ways to reinforce them, was more apparent than ever.

Together, these factors provided the firm with a powerful business case for the project right from the start.

Setting out our aims

We were driven by the absolute conviction that values only make a difference when they:

- Are shared by everyone in the organization.
- State what is authentically believed.
- Guide day-to-day behavior at work.
- Are fully integrated into business strategy, processes and decision-making.

If the values were to be truly shared, the process had to be highly participative and people at all levels needed to be involved. To be authentic, the values had to reflect the genuine beliefs that were operating in the firm, or, where there was any degree of aspiration, to include only those things that the firm’s leadership would commit to wholeheartedly.

We needed to agree what types of behavior would – and would not – be acceptable and to help individuals to apply this to themselves. The values needed to be reinforced through “harder” processes, systems and infrastructure. This would be the challenge for the implementation phase.

We were also clear about what we were not setting out to do: this was not about radical culture change. Not only did we believe that it is impossible to change a culture fundamentally, but it was also not desirable in BDO Stoy Hayward’s case. All the feedback we had received from staff and clients indicated that the firm had a healthy culture. Our aim was therefore to strengthen and preserve the positive aspects of this as the firm grew.

Phase 1: Understanding the existing culture

We followed a three-phase process as shown in Figure 1, right. First, in our drive for authenticity, our aim was to uncover the core values that already existed, not to invent new ones. Over a period of two months, we conducted focus groups and interviews with over 10 percent of the firm’s employees and over one third of its partners. We examined typical behaviors and underlying values and were rigorous in defining what we meant by core values:

- Core values are deeply held beliefs and guiding principles that the firm will never compromise, no matter what.
- “Non-core” values exist in the culture but are either less fundamental than core values (for example, values that the firm would compromise in particular circumstances, or that follow on as natural consequences of the core values) or they are “givens,” i.e., values that the firm needs to adhere to just to compete in the market, such as professional and technical standards.

There was a surprising degree of consistency across all offices. We also gained a wealth of information on what people particularly valued about the firm’s culture, and what they would like to change.

Phase 2: Defining the values

The next step was to shape the output of the first phase into a clear statement of core values and to reach a common understanding of what this would mean in practice. The partners were the key stakeholders to engage at this stage. If they, as leaders and owners of the business, didn’t sign up to the values, the initiative would fail.

Engaging the partners

We ran a working conference for the firm’s 200 partners, employing a series of structured group discussions and voting techniques. In this way, all partners were engaged in the live development of the values statement.

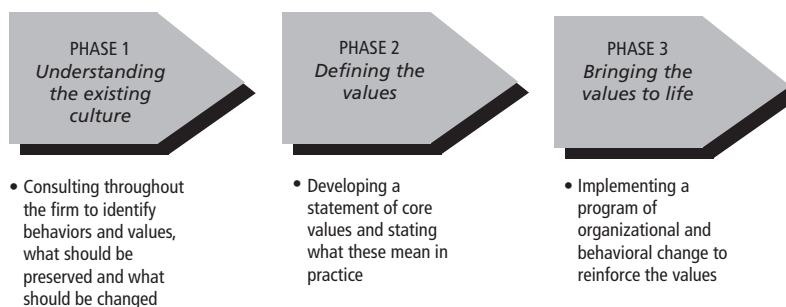
BDO STOY HAYWARD

BDO Stoy Hayward is the British member firm of BDO International, the fifth largest accountancy firm in the world. With some 200 partners and 2,000 staff operating from 15 business centers across the UK, BDO Stoy Hayward is the leading provider of specialist advice to growing businesses nationwide.

First, we presented the results to date: three core values had clearly emerged from our consultations, but we were unsure whether a further three might also be core. The partners applied some rigorous testing and concluded that only one of these was fundamental, so we now had four core values in total.

We then agreed how the core values would translate into behaviors: what would people in the firm have to start doing? What would they have to stop doing? And what were they doing already that they should continue and build upon? The partners generated specific examples for each of the core values.

Figure 1. BDO’s three-phase approach



We now had the raw material for a values statement. More importantly, the process had enabled the partners to take ownership of the core values and commit to upholding them.

Developing “Values at Work”

We developed a booklet that laid out the four core values with a paragraph description of each, followed by examples of associated behaviours. We named this Values at Work, and came up with a logo, the “Values Cube” (see Figure 2, overleaf) to brand the booklet and the initiative. The cube was chosen to depict the values as being interlinked and equally important components of



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◀ a greater whole.

It was important to get the language and tone of Values at Work absolutely right, so we tested the draft with a wide range of people before committing to a final formulation. This helped immensely in expressing the values in a way that was credible and acceptable to people across the firm.

Phase 3: Bringing the values to life

Roll out could now begin. First, we had to effectively communicate the values, and then we had to implement them. And of course we had to do all this in a way that was, in itself, in keeping with Values at Work.

Communication

Because a significant proportion of the firm's people had been involved in developing Values at Work, many were aware of the values already. In our launch communication we were therefore able to take the discussion quite far in terms of building commitment, deepening understanding of the values, and establishing what needed to happen next.

We launched Values at Work at the beginning of 2003 with a series of roadshows run by Managing Partner Jeremy Newman. Every business unit participated in a half-day event in which he outlined the strategic context for the values and described the process. We then invited participants to get into groups and ask questions. People were free to ask whatever they wanted, and they didn't hold back. This was vital in building credibility for Values at Work as well as deeper understanding and a sense of ownership.

At the roadshows we also asked people to take personal responsibility (a core value) for identifying where their own business unit was falling short of the values and to propose potential solutions. The output

from these discussions later helped to inform local implementation.

The roadshows required high levels of investment. They took place in January and February, a time when accountancy firms are busiest. Every person in the firm attended a half-day session, which equated to a total of over one thousand man-days. The Managing Partner took three weeks out of his diary and most sessions were also attended by a member of the firm's Management Executive. This sent a powerful message throughout the firm about the importance of values and the commitment of the firm's leadership. The roadshows were without doubt the best way of communicating not only the content but also the spirit of Values at Work.

A program as wide-ranging and long-term as Values at Work of course requires ongoing communication. Over time, the communications objectives have changed from raising awareness to maintaining support, reporting on progress, getting feedback and monitoring effectiveness. This is achieved through a variety of channels, such as the firm's intranet and news roundups, leadership updates, face-to-face communications and visual reminders such as posters. Also, the open dialogue style of the roadshows proved to be so popular that the firm ran another series in April 2004 to discuss strategy and Values at Work "one year on."

Implementation

Implementation is essentially an ongoing process of aligning:

- tangible aspects of the culture such as processes, systems, policies, the office environment etc.; and
- individual and team behavior with the core values.

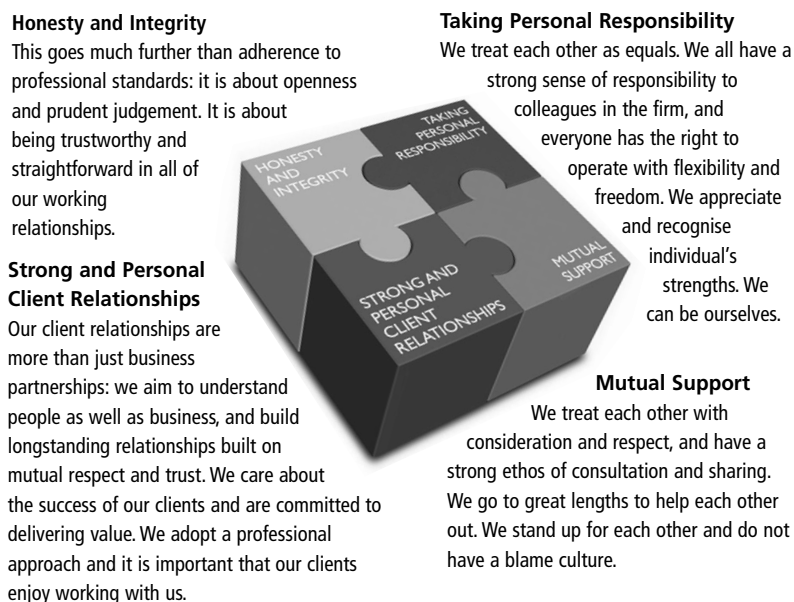
There also needed to be an appropriate balance between:

- centrally managed, firm-wide initiatives; and
- locally managed initiatives, tailored to the needs of individual business units.

A small central team was set up to lead firm-wide initiatives and a "values coordinator" was appointed in each business unit to design and run local projects. We set up a values coordinators' network for support and sharing of good practice as well as some special interest groups and an intranet discussion forum. The firm appointed a senior level director, to manage the implementation program and the network full time. Some of the centrally-led initiatives include:

- The explicit inclusion of values in key HR processes such as recruitment, induction, 360-degree feedback and performance management.
- Integration of values into training and development.
- Integration of values into client feedback and client care programs.
- Development and implementation of best practice in internal communications for business unit leaders.
- A small number of well-timed, one-off "gimmicks" to

Figure 2. BDO's Values at Work cube



maintain awareness, such as a desk toy and a values-based intranet card game.

- Inclusion of values on the agenda at key events, whether in a light-hearted way as the theme of the firm's summer party or, more seriously, at partner meetings.
- Integration of values into the monthly reporting mechanism of business unit leaders.

Locally managed initiatives are wide-ranging. To give a few examples:

- Most business units run group away-days aimed at deepening understanding of the values and applying them in practice.
- There are numerous local incentive and recognition programs to promote desired behaviors.
- Some business units have used opportune refurbishments or office moves to redesign the workplace and help promote more effective teamwork.
- Many have developed processes by which individuals can be made more aware of how their own behavior measures up to the values. These range from sophisticated approaches to upward feedback and open dialogue to humorous "penalties" for undesirable behaviour such as a "Mr Messy" award.
- Many have introduced more team meetings and social events to encourage mutual support and knowledge sharing.

Implementation will never stop but it's our aim that, in the longer term, Values at Work will become naturally integrated into the way the firm develops and that there will be no need to flag it as a separate initiative.

Results so far

We undertook the Values at Work project because we believed it would help BDO Stoy Hayward to:

- maintain a sustainably profitable, secure, distinctive and independent firm;
- provide an environment that would attract, develop and retain the best people; and
- strengthen its client relationships and professional reputation.

These are all measurable, but only in the long term; we wouldn't expect to see any significant impact yet. Our only option in the shorter term was to measure perceptions, and we did this around eight months after Values at Work was launched through "Pulse," the firm's annual staff survey.

The results of the survey were resoundingly positive: The response rate was a record 79 percent, and scores in all areas, particularly those relating to the values, showed significant improvements on the previous year. Not only that, but positive response rates far exceeded comparable norms for high-performing companies and other



CRITICAL SUCCESS FACTORS

We believe the success of Values at Work is mainly due to the following:

- We always strove for authenticity. The core values are based on what people genuinely believe and experience in the firm. We were also authentic in our process: we were open in our consultations, respected what people said and did not try to influence the outcome.
- We invested hugely in consultation because we knew it was the only way to ensure the core values were truly shared.
- The firm's leadership is visibly and wholeheartedly committed to the project and is actively involved in running it.
- Values at Work has always been treated as an important business issue and not an afterthought or a "nice to have."
- In Values at Work we painted a complete picture of the culture that everyone understood – not just a bare values statement but also a description of what the core values mean and how they translate into behavior.
- The core values guided us in our approach to the project.

professional service firms. It was the first tangible evidence that Values at Work was indeed working.

There is a lot of evidence that people all over the firm are embracing Values at Work: if you stop any member of staff, they can tell you about the values, and they have become an integral part of daily communication. Clients take an interest too, and talking about the values has often helped in winning work. There have also been significant changes in the behaviors of some individuals, and generally more confidence and pride in the firm.

The way ahead

The challenge now is to maintain this level of interest and success, and we recognize that this will be difficult, especially as Values at Work as an initiative becomes less and less visible.

We must avoid complacency and there is still much to do. We have to continue progressing existing initiatives, and look at what the firm might do in the future. Not all business units are progressing with local implementation at the same pace, and we need to review this and provide support. We also need to focus on developing more role models, particularly at senior levels, to set the right example. We may, in time, need to review and update the behaviors outlined in Values at Work as the firm evolves.

In short, the firm will always have to actively engage in keeping Values at Work alive. However, at this point, the foundations of a strong culture are securely in place.



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