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Blending Strategic Values Together Can Increase Your Business Performance

“Shareholder-Value Extremism” – sounds like a mouthful, doesn’t it? The question is what is it, and how does it apply to a business? This term is a name for a strategic ideology whose focus is to pursue value at all costs.

Although SVE enriches both executives and some shareholders over the short term, it fails to generate any real gains for the majority of shareholders, customers and employees. The reason for this is that it distorts the social, political and economic beliefs and behaviors that are required for success in the 21st Century.

Preventing the Distortion of Social and Political Values

Shareholder-value extremists promote the interests of shareholders as the ruling objective of strategy. Their strategies consider employees as a means to promote customer interests that in turn are means to promote shareholder interests. Shareholders have no role or purpose other than to gather wealth.

This linear view will not lead to reachable business performance because it subordinates and misrepresents the beliefs and behaviors of the executives and employees on whom it depends on for success.

For example, strategies grounded in core competencies, movement, initiative, continuous improvement, innovation and quality must be owned by the people of the organization. This demands enthusiastic and constructive responsibility that is impossible when shareholders have no obligation to the people of the enterprise, but only to their own self-enrichment.

Value-obsessed strategies foster excessive executive compensation; diminished wages, salaries, benefits and job security; secretive, hierarchal decision-making; destructive, organizational politics, illegal and unethical practices; poor customer service and quality; and capital market takeovers, attacks and disruptions. Executives and some shareholders get rich in the short run, but sustainable performance is never achieved.

In order to avoid these kinds of pitfalls, strategists must act on the following:

Integrated Set of Values

Made up of the social, political and economic beliefs and behaviors, you should be able to see sustainable performance increase for the business in question.



Beneficial to All Parties

Every organizational constituency has to benefit from the actual performance as both a means and an end to one another's success in business.

Avoid Emphasis on One Group Over All Else

By paying tribute to one group above all the others such as with SVE, you will subordinate the social and political values to economic and financial ones that will result in preventing a regular routine of doing business from being able to sustain.

Combining Value Strategies Together

These can help organizations migrate away from such single-minded ones, as SVE, and help increase business performance.

Avoiding Value-Obsessed Strategies

These have two bad habits:

- 1.) They pursue value as the sole objective of strategy.
- 2.) Such strategists confine their work to making choices such as markets, products, services, customers, competitors, alliances, technology, distribution, people, ideas, competencies and networks.

However, strategic choices do not implement themselves; people do. In addition to making choices, strategists must also specify the integrated set of people's beliefs and behaviors demanded for driving actual performance.

For example, a low-cost strategy demands beliefs and behaviors directed at building cost advantages, and a "Web-based strategy" requires them favoring Web presence and distribution. Therefore, the full set of required ones must integrate and reinforce one another.

Benefiting All Constituencies

Successful 21st-century organizations pursue strategies where employees will deliver benefits to customers, and in turn, provide returns to shareholders that will generate new opportunities for those same employees that deliver the aforementioned benefits – hence a circle of benefits. Each constituency serves and is served by others. Performance is reached because real people make and implement choices grounded in the following Golden Rule of blended-value strategies:

As executives and employees, do unto others who are customers and shareholders that you would have them as executives and employees do unto you as customers and investors.

Blended values strategies together help create and implement an integrated set of beliefs and behaviors that produce sustainable organizational performance. They make choices about where and how to compete in markets and networks. They also specify the blend of economic, financial, social and political values required to implement those choices.

Political values include beliefs and behaviors about decision-making, problem-solving, voice, consent, responsibility for implementation and membership.

Social values include beliefs and behaviors about relationships, trust, dignity, respect, integrity and responsibility.

Economic and financial values include beliefs and behaviors critical to product and service quality, price, profit, capital, and market and network competition and cooperation.