

A roadmap for governing culture

Pillar	Level 1	Level 2	Level 3
ASSURING progress is being achieved	<p>The board has ways of measuring values, behaviours and culture in the organisation (e.g. results of key stakeholder surveys such as employee engagement, customer satisfaction, regulator reports and internal reviews and audit reports).</p> <p>Internal audits cover values and behaviours contained in the above processes.</p> <p>The board receives regular 'misdemeanor' reports.</p> <p>Cultural risk is a specific risk agenda item.</p>	<p>The board agrees key values-based metrics for customers, employees and other key stakeholders and monitors regularly.</p> <p>The board has agreed ways to test whether the values resonate with the people at the front line of the organisation.</p> <p>The board receives an annual report on values and behaviours – distilled from key performance indicators (KPIs), surveys, internal audit, HR and other sources – to assure themselves that the values are being demonstrated throughout the organisation.</p> <p>The board receives an annual report on the alignment of actual and aspired culture.</p>	<p>The board publishes performance against values and behaviours with objectives and metrics in the annual report.</p> <p>The board has an independent team that measures and reviews values and expected behaviours throughout its ecosystem on a regular basis.</p> <p>The board evaluation processes always include the behaviour of board members and board culture.</p> <p>There is a non-executive director who leads on culture.</p>

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This roadmap is an aid to chairs and directors to help them make an assessment of how mature the board's approach is to governing culture. It shows the behaviours boards should expect to see that address the questions in the 'agenda for boards'.

The roadmap shows three stages of a journey. Boards can review where they are now and agree where they want to be. Each board will prioritise differently. The three levels and their indicators are drawn from our research and should be used as a stimulus for discussion. It is likely that boards will assess themselves as being at different levels for different issues. Level 3 is not intended to be a description of the end of the journey but more an indication that the board is governing culture well and as a result will be identifying new ways to carry out their role.

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INSPIRING purpose and values	<p>The board has a clear and shared understanding of the corporate purpose and values. Values are inspiring and are revisited by the board when required.</p> <p>The board has discussed and articulated the reciprocal value the organisation creates in its key relationships and the expected behaviours.</p> <p>Progress towards intended value creation against purpose is checked annually.</p>	<p>Purpose and values have been communicated to all employees at the front line in a way that resonates with them, leading to the values being more closely reflected in behaviours.</p> <p>The board receives an annual update of trends in the expectations of key stakeholders.</p> <p>The board clearly prioritises the value that the organisation creates for key stakeholders on the basis of mutuality and sustainability.</p> <p>The behaviour of all employees is aligned with and reflects the corporate values.</p> <p>The board understands the current culture in the board, the organisation and its ecosystem.</p>	<p>The board publishes what value key stakeholders can expect from the organisation.</p> <p>Members of the board meet regularly with representatives of each key stakeholder group both formally and informally.</p> <p>The value created for each key relationship is measured and reported to the board and published externally.</p> <p>The board receives a 'social value report' each year.</p>

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ALIGNING purpose, values, strategy and capability	<p>Alignment of strategy, values and behaviours is a regular board conversation.</p> <p>All human resource processes take into account values and expected behaviours.</p> <p>The board has identified suitable accreditations for the organisation and employees to help embed values.</p>	<p>The tension between purpose, values and commercial value is explicit in strategic goals and execution.</p> <p>The board regularly reviews the risks of not embedding appropriate behaviours consistent with values.</p> <p>The board ensures that the recruitment and selection of board members and key senior executives assesses their values and behaviours as well as their professional competence.</p> <p>The business model is reviewed by the board on a regular basis to ensure that it is delivering the purpose consistent with values</p>	<p>Strategy exploits values and consistent behaviours as a differentiator or sector game changer.</p> <p>Business model goes beyond profit generated for investors to include the investment costs needed to develop organisational capability and consistent behaviours.</p> <p>Suppliers and all those in the ecosystem are required to behave consistently with values.</p>
PROMOTING & EMBODYING purpose and values	<p>Leadership behaviours that role-model the values and reinforce the aspirational culture are clearly described and agreed.</p> <p>Board members and executives demonstrate purpose and values through their behaviours.</p>	<p>Board members live and breathe values, through all communications.</p> <p>Board members are selected for character and ability to promote values across the organisation and are role models for the values and culture.</p> <p>The chair includes values-led behaviour, when assessing the performance of board members.</p> <p>The performance of the chair is judged against the extent to which they live and promote the values.</p>	<p>Board members regularly visit operational sites/branches, hold town halls and meet with individuals to promote values and behaviours.</p> <p>Boardroom culture is open and self-critical. It is a safe space for concerns to be raised and discussed.</p> <p>The board has a team coach who focuses on values and culture, recognising the need for continuous development.</p>

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GUIDING decisions using purpose and values	<p>Principles-based decision-making is the norm at the board.</p> <p>Product/service alignment with purpose and values is part of the approval process for research and development and marketing.</p> <p>It is acceptable for everyone in the organisation to challenge decisions and actions that are inconsistent with the purpose and values.</p>	<p>The board has a clear decision-making framework that seeks to ensure decisions and behaviours are consistent with values.</p> <p>The values component of reputational risk is an element of all strategic decisions and is reported to the board.</p> <p>Data on the alignment of values and behaviours is collected and used in strategic decision-making.</p> <p>Everyone in the organisation is trained and supported to understand and apply the corporate values in their daily decision-making.</p> <p>The consistency with which values are expressed across the organisation is measured and monitored.</p>	<p>Values are always considered in every decision made throughout the organisation.</p> <p>Strategic discussions are accompanied by a conversation about the reciprocal value for each key relationship and the business model.</p> <p>The board regularly reviews and challenges whether it is meeting society's expectations – its 'licence to operate' – in all the countries where it does business.</p>
ENCOURAGING desired behaviours	<p>Reward is tied to demonstrated behaviour.</p> <p>The remuneration committee receives reports on individual behaviours with all submissions for pay, bonus and promotion.</p> <p>Senior leaders are rewarded/sanctioned for performance against 3 or 4 'bottom lines' e.g. finance, customers, employees, society including environmental issues.</p> <p>Senior leaders are encouraged to talk about purpose and values and expected behaviour in their routine communications.</p> <p>The board regularly reviews communications through the lens of values and behaviour.</p>	<p>There is automatic bonus reduction for senior leaders, or their teams, that do not demonstrate expected behaviours and values.</p> <p>Board members and senior leaders who do not behave in line with values are sanctioned or exited.</p> <p>The board regularly considers communications strategies to encourage and reinforce purpose, values, culture and behaviour.</p> <p>Stories/examples that reinforce and encourage the desired culture are collected and widely shared.</p> <p>Employee recognition programmes encourage behaviour in line with purpose and values.</p>	<p>Board members who do not demonstrate the expected behaviours are sanctioned.</p> <p>Senior leaders are valued and recognised for consistent behaviour in line with purpose and values.</p> <p>The board receives a report which describes the level to which reward and recognition are aligned with the purpose and values in both the organisation and its ecosystem.</p> <p>Stories/examples of misaligned behaviour and the resultant action are made widely known.</p>