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The Valor in Competitive Advantage Doesn't Work Without "U"

Theresa Welbourne

Valor

Valour

What's the Difference?

According to Webster's Dictionary, "valor" is defined as "strength of mind and spirit that enables a person to conquer danger with firmness." How does this relate to employee productivity and improved firm performance? The word valor alone provides great imagery of the type of culture that is needed in firms going through change or growth. The word conjures up images of employees as knights, working hard to defend their organizations in the never-ending battle against the competition. That's a fun way to use the word valor, but there is a very serious side to the same word.

When you add a "u" to the word valor and use the more traditional, old English form of the word (Valour), you now have an acronym that provides the key to understanding how to really thrive as a business. Valour (spelled with the 'u') now is not only a meaningful word in and of itself, but it is an acronym that stands for value, ownership, sense of urgency and rewards. The term valour is easy to remember, but the research behind valour was not simple at all. Valour represents over 17 years of work on what drives individual and firm performance.

"VAL" The "val" in valor stands for valuing people and value happens when managers and/or peers value an individual and his/her contribution to the company.

"O" "O" represents sense of ownership or the degree to which employees feel like owners of their company, business unit, department, or job.

"R" The "R" in valor represents informal and formal rewards.

Don't Forget the "U" The traits encompassing v-a-l-o-r provide a roadmap to improved firm performance, but they are not enough. Successful change and growth also require sense of urgency (the "u" in valour).

The research conducted on organizational change and firm growth shows that "valor" without the "u" is not enough for success. It's the balance of urgency with value, ownership, and rewards that leads to high performance.

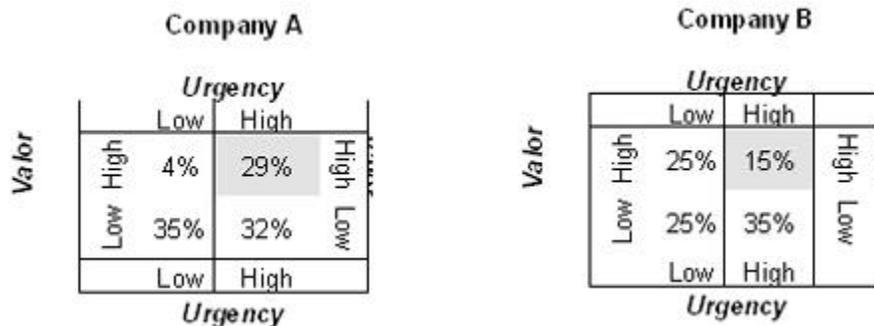
Many employee surveys have been designed to measure factors that are similar to what you see in valor. Employee satisfaction, engagement and culture surveys ask about

factors that are very similar to value, rewards and ownership. However, the notion of “sense of urgency” is missing from most of these employee surveys.

If you only measure the things that are part of valor and you only respond to issues related to value, ownership and rewards, and you are a company going through either change or growth, you may be taking action that will actually have negative effects on your company. This is due to the fact that creating high valor with no sense of urgency leads employees to want to maintain the status quo, to not move forward, to not grow, and to not change. Employees who resist change will drag down performance. Those individuals need to feel a high sense of urgency to move from their current state.

Translating Research to Actionable Data for Managers

The original research on Valour was conducted with thousands of firms using organizational-level data. But as news of the research findings spread, senior HR executives wanted our research team to conduct “valour checks” within their own organizations. In response to those requests, over the last eight years, we have been collecting employee data using a 15-item survey that has helped businesses obtain a snapshot of Valour. Below are two examples of reports derived from data collected from employees in two different companies going through change.



In order to produce these graphs, questions that ask employees about value, ownership and rewards were summed into an overall score, while questions on urgency were used to create a second score. Scores were then rated high/low, and the result was an overall high/low score on valor and an overall high/low score for urgency. The percentage of employees whose final score falls in each of the quadrants above is provided to management.

Interpreting the Data

The research used to develop these scores is predictive in nature, which means the resulting data seen in these graphs gives managers a sense of things to come. The upper left hand quadrant shows the percentage of the employee population that can have a negative effect on performance in the future. In company A, only 4% of their current employee population has a low sense of urgency but high sense of valor (value, ownership, rewards). This population feels very good about doing very little. These people will resist change. The 4% is a fairly low number; thus, this is a positive sign for Company A. Also, Company A has 29% of its employee population (the upper right

quadrant) in the high valor/high urgency category; these people are balanced and in the most desired direction (positive).

Additionally, Company A has 32% of the population in the high urgency/low valor state. This is a condition that can be fairly easily remedied. When employees already feel urgency, it takes small amounts of care and attention to help them feel more valued. Simple things like communication and praise can help employees move into a higher productive state. Company A has 35% of its population in a position that our research finds can lead to turnover, withdrawal behaviors, and other negative outcomes. However, these employees can be turned around with some effort from their peers and managers. These 35% (in the lower left quadrant) have a low sense of urgency and low valor score. Company A has significant opportunities for improving performance because the lower left and right boxes can be moved fairly quickly.

Company B, on the other hand, has 25% of its employee population in the upper left hand corner, in the low urgency/high valor state. These employees are the most difficult to influence (e.g. Why should they change? They feel very valued doing just what they are doing now – not much), and they are likely to cause problems in the future by resisting change efforts. Company B still has significant opportunities for improvement because a large part of their population is in the lower two quadrants, and those people (per our research and experience) can transition to more productive states with simple interventions by management. Things like communication, feedback, recognition of roadblocks to performance, and informal rewards are all effective interventions in moving these people to a high valor/high urgency state.

Balance: What it Buys you

Balance in sense of urgency and the components of valor results in employees engaging in “above and beyond” behaviors. These non-job behaviors are acts of heroism at work and are the things that result in major innovations, changes in technology, loyalty among workers, employees encouraging each other, and as a result, long-term competitive advantage. The value proposition for Valour is long-term growth and competitive position in the market because employees who go “above and beyond” help create companies that go “above and beyond” for their customers, their shareholders, their partners, and others.

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Theresa M. Welbourne, Ph.D. is the founder, President and CEO of eePulse, Inc. as well as an Associate Professor of Organization Behavior and Human Resource Management at the University of Michigan Business School.

Prior to summer, 1999, she was on the faculty of the Human Resource Studies Department (from 1992 to 1999) and the Entrepreneurship and Personal Enterprise Program (from 1993 to 1999) at Cornell University. She received her Ph.D. in Business from the University of Colorado, Boulder in 1992. Prior to that, she spent approximately ten years working in the field of human resource management as a practitioner and as a consultant. Dr. Welbourne's expertise is in the area of employee management in high growth and high change organizations. Her particular focus is on understanding how various human resource, communication, leadership, and rewards strategies affect the longer-term performance of

organizations and the employees within those firms.

As CEO of eePulse, Inc., she leads a technology and research business that is delivering web-based Pulse surveys powered by the company's proprietary software called Measurecom™. The measurement and communication tool was developed based on Dr. Welbourne's research and consulting. She conducted a number of studies with initial public offering firms and large firms undergoing large-scale interventions. In these studies, she demonstrated the direct effects of leadership and human resource management strategies on firm survival and financial performance (e.g. stock price growth, earnings growth, etc.). Her research has been featured in popular publications such as Inc. Magazine, The Wall Street Journal, Business Week, The New York Times, and Entrepreneur Magazine. Her work has been published in several books and in journals such as the Academy of Management Journal, Journal of Management, Human Resource Planning, Executive Talent, Compensation and Benefits Review, Journal of Applied Psychology, and Journal of High Technology Management Research. She is currently writing a book (publisher is Jossey-Bass) that summarizes all of her research to date.

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