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# HISTORY OF THE COMPANY

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**A**t a high-tech firm in Bellevue, Washington, on an overcast Friday afternoon in October 1985, Rob Lebow was sitting at his desk clearing messages and paperwork when his career took a turn which led him to discover the “*operating system for people*.” Roger Parker, a colleague and free-lance writer, had attended a software development and product marketing meeting presided over by Rob earlier that day. He paused at Rob’s office door and asked a simple question, “What do you do around here?” Rob considered his answer carefully. “I think my job is to help our people and this organization stay out of harm’s way. I’m helping to create a Heroic Environment®, a place where people can play at the top of their game without fear of saying or doing something wrong. I guess you could say I’m trying to be a *Corporate Hero*.” The background of his remarks reflected personal challenges within his organization, an organization whose managers were spending more time fighting and vying for position than focusing on customer needs and competitive pressures.

That day, Rob Lebow began his work to define the Heroic Environment and then to duplicate its positive power in organizations worldwide. His vision was to create an *operating system for people in organizations*, just as Bill Gates’ vision was to create an operating system for the personal computer world.

During the mid-1980s, American business was faltering. National newspapers

and magazines were railing at the decline in productivity and the decay of American management’s control of state-of-the-art technology and world market share. It didn’t seem to those who lived through this business malaise that the *In Search of Excellence* concept, which Tom Peters and Robert Waterman spoke of,

The *Shared Values Process® Operating System* is based on the recognition that organizational transformation initiatives can only be embraced when the proper *People Operating System™* is in place.

would ever come to pass. America was searching for answers and by 1990 had found a savior in the 90-year-old quality evangelist, W. Edwards Deming. Deming and his followers promised business Valhalla if only North American companies would follow his *Fourteen Points* as the Japanese had. During the early 1990s, American business went on the quality diet and crusade. Some organizations reported amazing early rewards, although most were faced with disappointment, frustration and an inability to sustain any hard-won gains. The limitation of Deming’s contribution was that the Western corporate interpretation

of his formula for quality was inaccurate. Some took his edicts literally; others did not take them seriously enough.

Few, if any, organizations wanted to include people in the quality equation. People issues were seen as “soft” and “squishy”, senior-level managers worked on issues such as strategies, structures and systems. Business schools and quality experts were not convinced that the path to quality required engaging people. Even team building was designed around the “chain gang” approach to teams. In fact, one quality expert postulated that if Frederick W. Taylor were still around, he would have centered his strategy of work units not around the individual, but around a small band of conscripts called the “team.” Managers and supervisors were given new titles, such as team captain and group leader, but they still were on the hook for production goals at a “zero defect” level!

Yes, quality was the name of the game, but it was not the answer that Lebow and his research team discovered in 1988. In contrast to the quality experts, they had discovered a different picture of quality and organizational performance, a picture which suggested that the key to unparalleled quality required a willing partner in the quality movement: the rank and file on the front line of business. Without these people’s support, the *Fourteen Points* could never work. Not surprisingly, few corporate leaders wanted to hear this message.

Lebow's concepts acknowledged the contributions of Deming and other quality experts, including process engineering, reengineering and transformation techniques. Lebow's *Shared Values Process® Operating System* is based on the fundamental recognition that quality as a philosophy can only be embraced when the proper *People Operating System* is in place.

Deming suggested correctly that "we must drive fear out of the workplace" and that every organization must have "profound wisdom" and a "constancy of purpose." But Deming's epiphanies were never clearly understood and therefore could not be adapted to a typical organization's practical needs. Deming's truths were never fully realized because U.S. business did not take into consideration the "missing piece."

The Japanese were able to digest Deming's diet for success because they inherently understood the importance of people in Deming's formula. A compatible "*people operating system*" was already in place in Japan when Deming arrived. The Japanese, in contrast, collectively and culturally viewed people within their society in dramatically different ways than North Americans did within their multicultural society. When Deming's process engineering message was heard in Japan, it was superimposed over a people-centered operating system. The Japanese were thus uniquely positioned to optimize the *Fourteen Points* of Deming's philosophy. Even Deming missed this crucial difference. In 1991-92, the Lebow organization identified the contextual contrast between the cultures and developed the *Shared Values Process Operating System* to help businesses from

all societies and in every marketplace build Heroic Environments®. Within the Heroic Environment, businesses and organizations achieve the promised benefits of process engineering and systems redesign.

Lebow's vision begins with the other side of the quality movement of the 1990s. Process engineering without the individual's contribution makes no more sense than believing that people without good processes can succeed. The lessons of Deming and the Japanese are that a good process plus a committed work force equals the ultimate competitive advantage. Work processes must partner with people, and people must be given their rightful place as full partners in every enterprise. That, in essence, is what the *Shared Values Process Operating System* contributes to every operation, large or small.

## BASIS OF THE RESEARCH FOR THE PROCESS

Since 1985, research has successfully isolated and validated the elements that

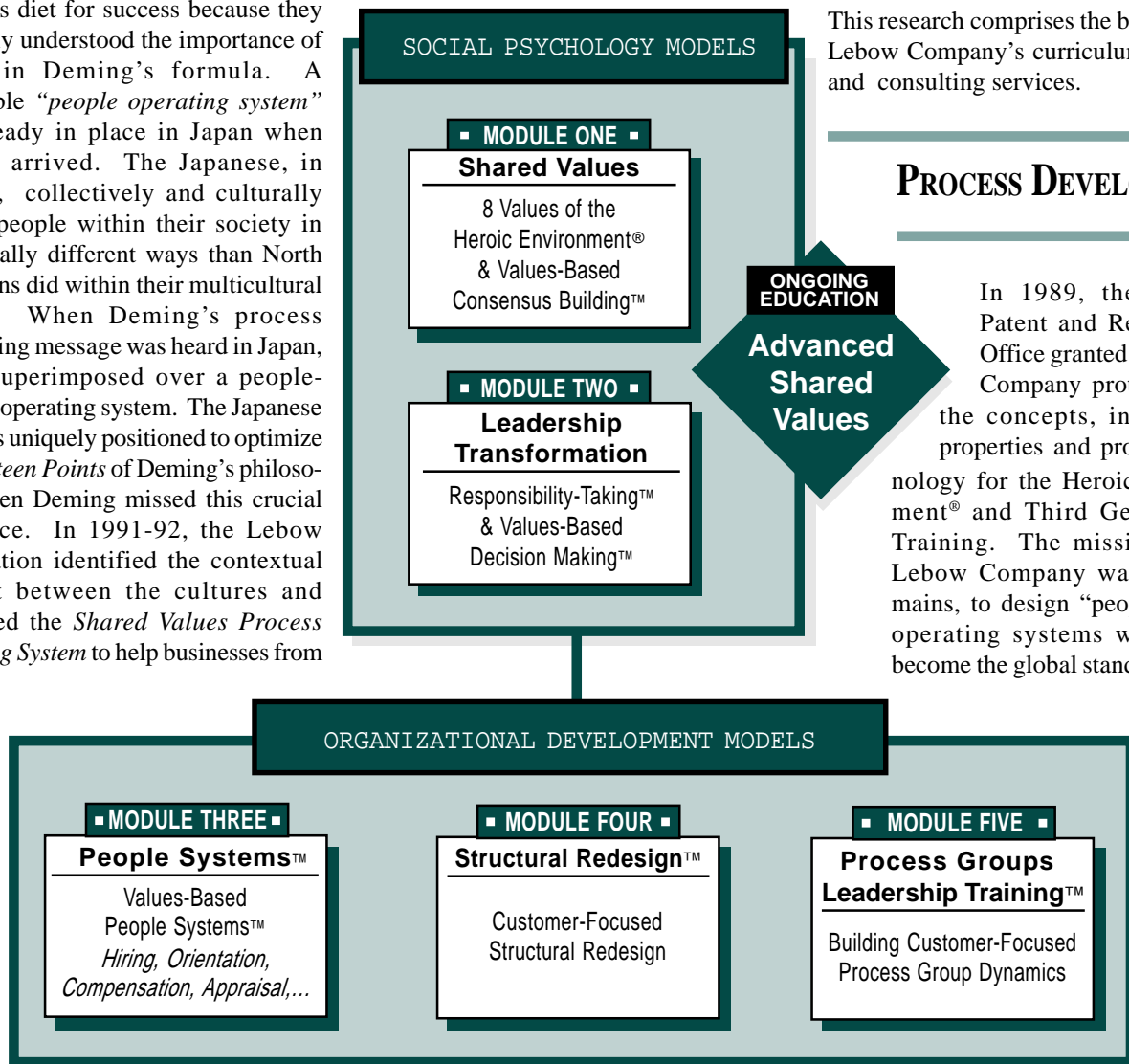
**The Shared Values Process® integrates and enhances retention and effectiveness of process initiatives.**

- ISO/QS 9000
- Open Book Mgmt
- TQM / CQI
- Benchmarking
- Statistical Process Control
- Core Competencies
- Process Engineering
- Activity Based Mgmt

contribute most to employees' *working at the top of their game*. Seventeen million completed surveys from 40 countries around the world were distilled down to eight elements that hold the keys to a work environment's success. This research comprises the basis for the Lebow Company's curriculum, training and consulting services.

## PROCESS DEVELOPMENT

In 1989, the Federal Patent and Registration Office granted the Lebow Company protection for the concepts, intellectual properties and process technology for the Heroic Environment® and Third Generation® Training. The mission of the Lebow Company was, and remains, to design "people-based" operating systems which will become the global standard for the



work environment, just as Microsoft Windows® has become the global standard operating system for the personal computer. Instead of linking people to a computer's power to aid and assist them, the *Shared Values Process® Operating System (SVP®/OS)* unleashes the power of people to contribute to and partner with their organization. The basis for the "people operating system" is comprised of four social psychology models which include *standards of action and behavior: Eight Principles of the Heroic Environment®*, *Values-Based Consensus Building™*, *Responsibility-Taking™* and *Values-Based Decision Making™*. In addition, there are two process models which address the organizational development (OD) needs for the redesign. First, the *People Systems™*: hiring, orientation, compensation, appraisal, job enrichment, career development, quality and leadership are designed around the new philosophy of roles and context. The second OD process, *Customer-Focused Redesign™*, focuses on customers' needs and determines which processes are essential to support these needs while optimizing people's energy and the organization's resources and advantages.

## EMPIRICAL MEASUREMENT OF THE PROCESS

Since incorporation of the Lebow Company in 1988, specialized research has begun to establish a worldwide Values Index for work environments. Over 500 organizational sites in the United States and over 100 sites in Canada and around the world have been selected to establish the Value Tension Index™ (VTI) Score and the World Class Score™ (WCS). A database has been established which monitors 27 indicators of a work environment in three key areas: Shared Values, Job Satisfiers and People Systems. Tens of thousands of responses have been recorded and normed since 1989. Updated data is available on management vs. nonmanagement attitudes, gender differences, age variances and

ethnicity gaps in relation to these three main categories. Style differences as well as viewpoint by category are updated regularly.

Indexing, including benchmarking and continuous retesting of the work environment is the keystone of the SVP®/OS and distinguishes it from all other transformation, re-engineering or quality interventions. The Process is based on extensive research that continues to be tested for inconsistencies and best practices.

## DRIVE FOR CERTIFICATION AND COMPATIBILITY

The goal of the Shared Values Process Operating System is to become the standard operating system for all organizations worldwide. Because of its 40-country orientation and the breadth of the source data, *Shared Values* has been well-received in diverse cultures. The values-based approach to quality management is recognized by the United States General Services Administration (GSA), which granted the Lebow Company an annual contract (GS-23F-9665D).

The SVP®/OS has been designed to be compatible with the Canada Awards for Business Excellence (CABE), Baldrige Award, and ISO-QS-US. SVP®/OS has been granted a national CERPT number for health care. The publication of the bestseller, *A Journey Into the Heroic Environment*, with over 100,000 copies in English, Spanish, and Japanese, by the end of 1996, represents a positive response to the SVP®/OS. The newly released video previewed at the 1996 ASTD (American Society of Training and Development) international conference in Orlando, Florida, is another indication of SVP®/OS acceptance. ■

Benchmarking the work environment is the keystone of the *Shared Values Process™* and distinguishes it from all other interventions.

## EMBRACING SHARED VALUES IS THE RIGHT THING TO DO!

We thought readers of this history would enjoy some comments concerning *Shared Values* from the past decade. A few of the over 90 personal references from organizations on the Journey are found on the next page.

One of our baseline practices is that we do not encourage the focus of attention on the financial results of the *Shared Values Process® Operating System*. We believe organizations should embrace *Shared Values* because it is the right thing to do! While the financial results of our

Embracing *Shared Values* as a strategic and philosophical approach expands productivity and sustains bottom-line results faster and more substantially than choosing any other transformation initiative.

clients have been impressive, it is never our intention to suggest that the *Shared Values Process* is the only factor in our clients' success. *Shared Values* helps organizations harness the unlimited power of their people's energy. Edwards Deming noted that "people will do almost anything not to have to deal with people." The *Shared Values Process* gives managers and employees a context, a platform and the tools to deal effectively with people. It doesn't change or "fix" people; rather, it offers everyone the opportunity to perform the way they have always wanted to... Heroically!

## VERY SPECIAL ENDORSEMENTS

### PEPSI-COLA CORPORATION

#### The Pepsi 1993 Needle Hoax Crisis

The *Shared Values* used in this crisis were “Treat others with uncompromising truth and Put the interest of others before your own,” two of the eight *Shared Values* of the Heroic Environment®.

*Taken from Advertising Age  
“Pepsi Weathers Tampering Hoax”  
June 21, 1993*

“A crisis means accelerated events, unexpected turns and constant pressure. There is no time to think about what your company stands for. Those values have to be well entrenched. Ours were. By instinctively and constantly checking ourselves against what was best for our customers, we consistently made the right choices. Not just management, everyone. Our philosophy lighted our steps in the midst of the storm. Employees must be ready, willing and able to accept extraordinary new responsibilities at a moment’s notice.

“A crisis quickly tests the relative strength of a guiding vision. Pepsi-Cola’s vision statement embraces a straightforward philosophy.”

*“We will be an outstanding company by exceeding customer expectations through empowered people, guided by shared values.”*

*Taken from the brochure “What Went Right!”  
produced after the Needle Hoax Crisis,  
© 1993. Pepsi-Cola Corporation*

### R.R. DONNELLEY & SONS CO.

“It strikes me that the principles of the Heroic Environment and Heroic behavior are the kind of logical common sense fundamentals of life that too often get lost in big business.”

*Roger D. Missimer  
Senior Vice President  
R.R. Donnelley & Sons Co., 1990*

### COCA-COLA ENTERPRISES

“The concept of the Heroic Environment is the ‘open marriage’ of business philosophy... it borders on organization without ego. Very simply, these eight principles say... do what is right, treat others as you would expect to be treated ...with trust and dignity. It really deals with the essence of down-to-earth values.”

*Jim Stevens, COO  
Coca-Cola Enterprises, 1990*

### INCSTAR

“The success of the new organizational structure is highly dependent on the individual achievements of the people who work within these groups. Recognizing this as critical factor, we have redefined our culture by introducing an organizational model called the Shared Values Process® Operating System. This system has at its foundation eight important human values that are shared across all organizational lines.

“We believe that sharing a common foundation, based on how we interact with one another, is the key to helping all employees reach their full potential. Providing our employees a value-based work environment will have the beneficial effect of supporting innovation, promoting customer and employee partnerships, fostering continuous improvement and distinguishing us for our quality — not only in our products, but in our people.

“Leadership must now balance the achievement of both human and business values in our organization and set the standards for excellence. We are confident that this new management philosophy will have substantial long term effects.”

*1995 Annual Report  
John J. Booth, President & CEO  
INCSTAR*

### GABBERTS FURNITURE

“As I reflect upon where the organization is today in comparison to where it was before we started our journey together, there’s not a moment’s doubt in my mind that we chose the right path when we chose the *Shared Values Process*. The transformation has been remarkable, and I know the journey has just begun.”

*James Gabbert, CEO  
Gabberts Furniture, 1996*

*A national retailer recognized for quality service  
and product excellence.*

### IBM MID AMERICA

“Your product line is rich. The applications far exceed my wildest previous imagination.... This is a concept we are going to run with.”

*Paul Horgen  
President & CEO  
IBM Mid America  
Employees Federal Credit Union, 1996*

*Among the most profitable credit unions  
in the United States.*