

# GROWING LEADERS

**A Leader-Building  
Handbook for:**

- HRD and Training Professionals
- Business Executives and Managers
- Executive Coaches

**PRICEWATERHOUSECOOPERS** 

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*Foreword by Audrey Weil, Senior Vice President of America Online*



*Linking People,  
Learning & Performance*

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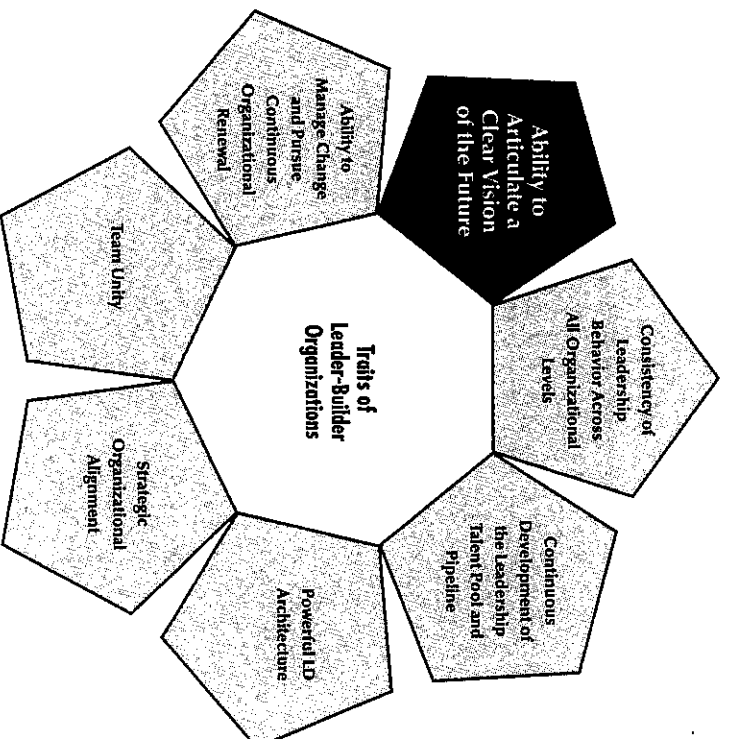
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# What to Do When Your Company Suffers From Poor Vision

The core values embodied in our credo might be a competitive advantage, but that is not why we have them. We have them because they define for us what we stand for, and we would hold them even if they became a competitive disadvantage in certain situations.

— Ralph S. Larsen, CEO of Johnson & Johnson, in “Building Your Company’s Vision” (Collins & Porras, 1996).

**W**hat do you think it is that makes a company truly successful? Is it leaders, technology, products, or, perhaps, strategy? Because this is a book about leadership development, you might reasonably conclude that, in fact, leadership is the single most important success trait. You would be right with one important qualifier: It is *visionary* leadership that is the key to a company’s success.



## Contrasting Vision and Mission

What is the difference between vision and mission? In many ways, the differences are subjective and situational, and many people use the words interchangeably. Here, the word *vision* describes where an organization is going and what it is trying to achieve.

In particular, an organization's success depends on its ability to retain an intense focus on customers, competitors, products, and markets. As a training and development professional, you are uniquely positioned to help your organization develop its future leaders, and to help them find the focus they need to succeed. Consequently, this chapter emphasizes the important role that the visioning process plays in any company's success and on how you can help your organization's leaders acquire the visioning skills they need to succeed in the marketplace over the long term.

The following examples of successful companies and their visions will help you guide your organization through the process of developing a vision. Consider the companies that made *Fortune* magazine's 1999 list of America's most admired companies, for example. Number one for the second year in a row, General Electric, won accolades for its continued value as a long-term investment and, of course, for the leadership prowess of CEO Jack Welch who has focused tirelessly on new markets and on process improvement programs like Six Sigma and e-business. Coca-Cola (number two on the list) and Microsoft (number three) received praise for their consistency of financial performance and for their ability to hire and keep top people. Dell Computer (number five on the list) won kudos for its strong focus on selling PCs directly to customers and for providing high levels of customer service, both of which have created legions of loyal customers. Wal-Mart (number nine) garnered enthusiastic reviews for its blockbuster growth (it posted 1999 revenues of \$137 billion) and its commitment to measuring how quickly it gets products into its 3,000 stores, not in days or hours but in minutes (Brown, 1999)!

## A Passion for What They Do

What do these companies have in common? In a word, each is *unwavering* and *unrelenting* in its focus on business goals. These companies never pass up an opportunity to emphasize their goals. At Dell Computer, for example, the emphasis on “the direct model” of selling and serving customers has become the company’s “only religion,” according to vice chairman Kevin Rollins. That business focus has enabled founder Michael Dell in just 15 short years to build his company from a fledgling startup (which he began in his college dormitory room) into an \$18-billion-a-year business that sells more computers to medium and large companies than companies like IBM, Hewlett-Packard, or Compaq do. The company’s focus on “direct, direct, direct” means it can stay in continuous contact with customers, respond quickly to problems, and gather precious customer data and market intelligence used as the basis for everything from work process redesign efforts to development of new products (Brown, 1999).

Meanwhile, at Wal-Mart a similar, relentless focus on customers means the company goes out of its way to keep inventories low, to streamline supply and distribution processes, and to pass on the savings from those efforts to customers. Despite a low-tech image, Wal-Mart has become a master at using technology to manage its distribution processes, track product sales and consumer trends, and supply inventory on a just-in-time basis to some 3,000 stores. The company briefly lost its focus after Wal-Mart founder Sam Walton died in 1993 but has since come roaring back, posting the biggest-ever revenues in its history in 1999 (Brown, 1999).

Just how do companies like Dell Computer and Wal-Mart (or Nordstrom, Nike, Disney, Southwest Airlines, and 3M for that matter—other companies known for their strong visionary focus) develop such clear ideas of what their business is about? It is one thing to describe best-in-class companies that have “the vision thing” down and do it well in their particular market or industry. It is quite another for a company (maybe yours) that is suffering from poor organizational vision or that is struggling to reinvent itself in a changing marketplace to develop a clear vision of where it goes next. Then, that vision must be translated into a set of values, business best practices, and work processes to support achievement of that goal. This chapter can guide you as you help your company develop a stronger organizational focus and vision of its future, if that vision has not always been clear or if your

company is struggling to redefine its direction to accommodate changes in the marketplace, in technology, or in competitive relationships.

## 10 Reasons for a Company to “Re-vision” Regularly (two- to three-year cycles)

1. Changing business climate (globalization, emerging, maturing markets)
2. Failed or floundering business strategy
3. Lack of new business growth
4. Appearance of new competitors
5. Change in the marketplace balance of power among existing competitors
6. Pressure to adopt a new business model (for example, e-business)
7. Emergence of disruptive new technologies (biotechnology, cloning, nanotechnology, and so forth) that alter a company's competitive advantage or marketplace leverage
8. Shareholder dissatisfaction with profit growth
9. Loss of important organizational competencies
10. Lack of internal organizational alignment.

## Failure to Vision: Some Cautionary Tales

Given the unprecedented changes taking place in business today—shifts in the business environment precipitated by new technologies, emerging and maturing markets, and other factors that can rapidly alter a firm's competitive position—it is not surprising that a company might lose its way or miscalculate the next big business trend or market development. Many companies do lose their way. For example

🌱 Sears misjudged the retail store business back in the 1960s. At the time it was America's preeminent retailer, known for hearty product lines like its Kenmore appliances and Craftsman tools. But, it soon fell victim to boutiques and a growing number of chain stores that

offered women consumers (in particular) a wider variety of products, just as women began entering the workforce in droves, buying clothing not just for their families but also for themselves. Only in the last few years have ad campaigns for the retail giant emphasized “the softer side of Sears” and made other attempts to lure women shoppers back to Sears.

❁ IBM is another company that at one point lost its way. Back in the 1980s, it failed to see the market moving toward PCs and away from mainframe computers. Only with the arrival of Lou Gerstner as CEO did IBM begin to get its business house back in order again.

❁ General Motors, too, has faltered in its vision. Back in the early 1980s GM appointed Roger Smith as CEO and was praised widely for doing so. Smith was called a bold and visionary leader. But years later, after GM had fallen behind Ford in earnings for the first time in 60 years, *Business Week* ran a cover story entitled “General Motors: What Went Wrong? Eight Years and Billions of Dollars Haven’t Made Its Strategy Succeed” (Bolman & Deal, 1991).

## The Characteristics of Truly Visionary Companies

What sets truly visionary companies apart? How do they keep their focus even through times of transition and marketplace turbulence? Visionary companies have a number of things in common, note James Collins and Jerry Porras, authors of the best-selling book, *Built to Last: Successful Habits of Visionary Companies* (1997). First, visionary companies possess a bedrock belief in their business and an uncommon passion about it. These traits are embedded deep in their corporate DNA. Mary Kay Cosmetics, for example, wants “To give unlimited opportunity to women.” The Walt Disney Company wants “To make people happy.” Wal-Mart seeks “To give ordinary folk the chance to buy the same things as rich people,” note Collins and Porras (1996). (To learn more about other visionary companies, see appendix B, which contains some real-world examples of goals and vision/mission statements.)

Second, visionary companies navigate today’s treacherous and turbulent business world with uncommon deftness, adapting their strategies, operating goals, and culture as necessary while remaining true to an enduring set of values. Perhaps other things will change for these companies (their leaders,

products, management practices, even their culture) but not their fundamental focus. That focus is their ultimate reason for being in business in the first place.

Third, visionary companies possess a core ideology (from which their values spring), which is unchanging and which transcends immediate customer demands or market conditions. Remember the words of Johnson & Johnson CEO Ralph Larsen at the beginning of this chapter? The “unifying” ideology of visionary companies guides and inspires people, according to Collins and Porras (1997), more than it differentiates a company from its competition or gives it leverage in the marketplace. Coupled with an intense, “cult-like” organizational culture, it also creates enormous solidarity and esprit de corps.

Finally, visionary companies subscribe to what Collins and Porras (1997) describe as “big, hairy, audacious goals” (BHAGs) that galvanize people to come together, to team, to create, and to stretch themselves and their companies to achieve greatness over the long haul. Visionary companies commit themselves to stretch goals that may take 10 to 30 years to accomplish (as when the National Aeronautics and Space Administration decided in the early 1960s to put a man on the moon before 1970). “BHAGs grab people,” notes Audrey Weil, senior vice president of AOL. “They act as catalysts for team spirit and individual motivation” and often help people move “to the next level of productivity” in their organization (Weil, 2000).

## **Aligning the Organization to Support the Vision**

Once there is clarity and agreement among your organization’s leaders about where they want to take the organization, the challenge is to enlist the help of employees to get there. There is in fact an “infrastructure” that leaders must put in place to ensure successful implementation of a new vision, and you must help them do it. The following are some of the infrastructure’s component parts:

- 🌱 *Create a feeling of urgency around the visioning process.* Leaders must create “positive tension” by contrasting where the organization is today with where the organization needs to be in the future. When metrics can be used to make this tension obvious to employees, use them.



- ❁ *Help your organization's leaders harness the power of ideas, symbols, and stories to articulate the new corporate vision.* Look at today's most effective leaders and you will see people who are good at manipulating and using symbols to get their points across. Ronald Reagan's evocation of the "shining city on the hill" is an example of an effective word picture to describe where he wanted to go. John F. Kennedy Jr. evoked the same passion and energy in people when he talked about America going to the moon. Martin Luther King was a master at galvanizing the energy and support of others in pushing for civil rights for African Americans. In helping your organization's leaders articulate a new vision for your organization, help them to use ideas and words effectively to convey where they want to take the organization.

- ❁ *Involve those who will be most affected by changes in the change process.* You and your company's leaders must design organizational structures and change initiatives so that they provide those who will be most affected by change with the opportunity to influence change plans and action steps. Everybody in the organization should have the opportunity to have his or her voice heard, to offer feedback and input, and to voice concerns or comments as part of the visioning process.

- ❁ *Know when to move fast and when to go slow.* New leaders are often under tremendous pressure to make changes quickly, and there are times when it's best to act fast (to make personnel changes or terminate programs, for example). At other times, however, leaders must move more slowly to build trust with employees or to get large groups of people to work differently. Help your organization's leaders know the organizational climate and make recommendations about when it is best to vision or re-vision.

## Using Strategic Visioning and Process Tools to Discover Your Company's Core Ideology

If, in fact, a company does not *create* its core ideology, but arrives at it through an organic process of self reflection and action planning, it is critical that that company use powerful strategic visioning and process tools to

help it periodically re-vision. As part of this iterative process, a company's leaders and its employees must ask themselves why they are in business, what the core philosophy is, and what forms the basis of their company's organizational ideology. That ideology, in turn, affects the company's goals and objectives; how people relate to customers and co-workers; what directions, markets, and products the organization embraces; and how the company wishes to be seen by those outside its walls.

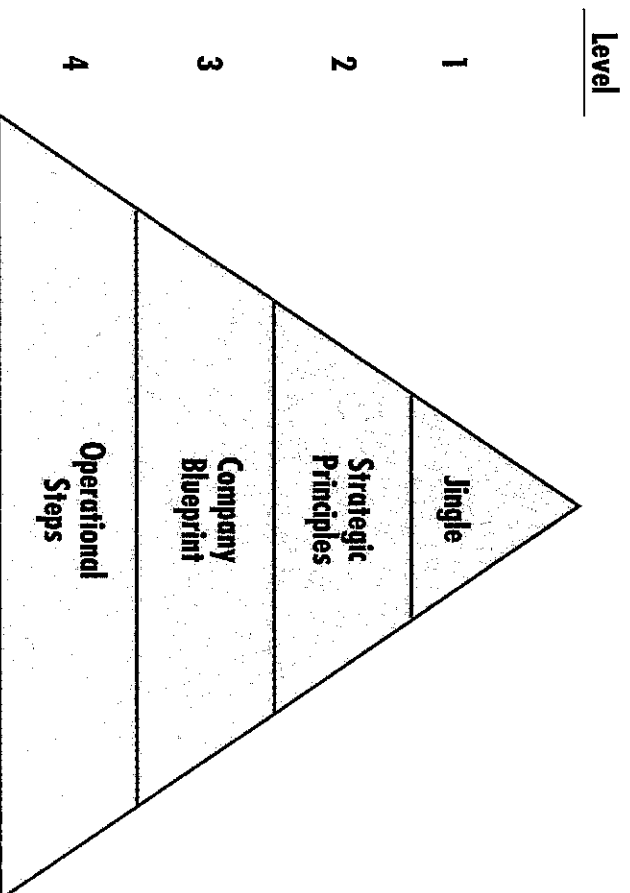
In the past perhaps you were charged—in your role as an OD consultant, T&D professional, or executive coach—to help your organization develop a new vision or mission statement, but the process for some reason did not work. It may have been that there was not enough time allowed for people to contribute both ideas and feelings to the process, so they did not “own” the words of the vision or mission statement. It is possible that people did not feel free to participate fully in the exercise and to offer their own ideas and thoughts. Maybe people thought the whole exercise was simply window-dressing for corporate goals that others had already established.

### **Cascading the Vision Down Through the Organization**

If your organization is to embark on a corporate visioning process in a way that taps people's energy and yields breakthrough commitment to new goals, it must be done the right way. Allow sufficient time for the exercise and make sure people at all levels have a chance to participate in the visioning process. Although visioning workshops typically involve the top echelons of an organization at the very beginning, you must make an effort to involve employees at all levels in some aspect of the visioning process if you expect to gain their trust, involvement, and commitment. Therefore, it is standard operating procedure in most cases, to “cascade” visioning workshops down several levels in an organization, so that you can lay the groundwork for a new set of business goals and objectives based on a broad base of input for such efforts.

This is very hard work. Indeed, it is even harder than it first appears. You cannot, for example, conduct the same kind of visioning work at all levels of the organization, or take the opportunity to reformulate corporate strategy every time you convene a meeting. Instead, as you move down through successively lower levels in the organization, you move from articulating what the vision is to developing plans and taking steps to ensure that the vision is realized (figure 3-1).

At the highest levels of an organization, for example, your work as a facilitator must focus on helping your company's CEO and senior leadership

**Figure 3-1. The visioning pyramid.**

develop language to describe the new vision (level 1) and articulate the principles upon which pursuit of the new vision is based (level 2). Sometimes level 1 is referred to as “writing the jingle” or describing the company’s strategic intent.

As you move further down in the organization, however, and work with middle level managers or process owners, visioning work takes on a different focus. As you engage with project teams, for example, who may be responsible for developing plans to implement the vision (level 3), you must help team members develop detailed implementation “blueprints.” At level 4, you will work with implementation managers and teams charged with putting the organizational machinery in place (practices, processes, technology, and so forth) to ensure that the new vision is put into action.

### **Emphasize the Value of Vision**

Stress to workshop participants that the visioning process is not an academic exercise. Rather, it is critical to pointing an organization in new directions and affirming core values that unite people and create organizational resolve. If the goal of the visioning process is for an organization’s employees to discover their values, you, as a facilitator, must play an active leadership role in making that happen. Begin the process by challenging your organization to ask (and answer) some challenging questions. For example: “Why are we in

business?” “What are the values that really matter to us?” “In what ways do we want these values to drive our daily actions and behaviors with customers?” “What are the overwhelming priorities we face at this point in the life of our company?” The Business Climate Modeling process described later in this chapter (and the question sets associated with it) can help you and your organization drill down and have substantive discussions about the priorities now facing your organization and the drivers of change in the business environment requiring that your company revisit its existing vision and strategy.

### **Build Consensus**

Recognize that in your role as facilitator you must guide discussions so they stay on target. At the same time, however, expect to see conflicting views and ideas come to the fore, as people within your organization storm toward consensus. As any seasoned facilitator knows, helping people reach consensus (about any significant business goal or objective) requires that a group first go through a “storming-and-forming” process before they come to consensus about anything (“norming”) and create a set of expectations around which they will then agree (perform). Try to short-circuit this process and you will not build the group cohesion and commitment you need to ensure that a new vision statement for your organization succeeds.

### **Create a Living Document**

Recognize that any vision statement the organization develops must be *relevant* to the needs of the business, *authentic* in what it holds as an ideal, and *clear* in its call to action. If a vision statement has these three attributes, it will become a *living* document that people are willing to talk about after they leave the workshop. It will help to sculpt people’s subsequent behavior and influence the development of a new culture inside the organization.

### **Attributes of Effective Vision Statements**

1. Does it motivate and excite people?
2. Does it frame the organization’s future and define where the organization is going?
3. Does it embody a “big, hairy, audacious goal”?

4. Is it original?
5. Is it something people can wrap their arms around?
6. Does it elicit a strong word picture (the idea of a “shining city on a hill” for example)?

## Become a Lightning Rod for Discussion

Facilitating discussions around vision and values is not easy. As a moderator of discussions about your company’s vision and mission, you will need to spur debate among people at times, and, at other times, you will have to move people to come to closure and consensus about what they have been discussing. You may become a lightening rod, from time to time, as the process proceeds. (So, it is important to develop a thick skin!) At the same time, though, you will become a catalyst for change.

## Getting Started on the Vision Path

Being an effective facilitator requires that you be viewed as a credible and effective T&D professional inside your organization. In a sense, you will be on stage as the emcee of events, but the real indicators of your success as a facilitator will be the degree to which you:





- ❁ engage others in the discussion process
- ❁ get people to freely exchange their views with others
- ❁ mediate conflicts as they arise
- ❁ reframe issues for discussion when necessary
- ❁ help the group(s) come to consensus or closure about how to enact the vision or mission upon which they have agreed.

That, in brief, represents the things you must keep in mind as you begin the visioning process in your organization. They hold true, *regardless of the leadership level at which you are working in your organization*. But, to be successful in helping your organization with the visioning process, you also need tools to help you facilitate visioning workshops.

Process tools, such as group facilitation and polling techniques, are an essential component in helping you and your organization implement new strategies and move in new directions. (See appendix C for a description of several powerful tools—polling techniques, electronic meeting technology, and so forth—that you may want to use with various groups in your organization.) Even more important today, however, is applying effective strategic visioning tools that can help you and your organization engage in breakthrough thinking, scenario planning, product “imagineering,” and leadership competency building. Using such tools has become essential in today’s business world because globalization, rapid growth, and the disruptive influence of new technologies (the Internet, for example) are continuously affecting everything from organization design to the specific leadership competencies a company needs to stay competitive.

## An Introduction to the Business Climate Modeling<sup>1</sup> Process

One of the most innovative and useful new tools for strategic visioning is the Business Climate Modeling (BCM) process, a visioning methodology developed by Bill Trahant, a partner with PricewaterhouseCoopers, and W. Warner Burke, of Teachers College, Columbia University, and described in their book, *Business Climate Shifts: Profiles of Change Makers* (2000). Developed in response to the increasing number of “phase shifts” (rapid, discontinuous changes) taking place in today’s business environment, the BCM process can be used by companies to discern trends in the external business environment with potentially significant and long-lasting implications for business longevity. Using a technique called “multivector, multivariable” assessment, it analyzes the business environment from the perspective of four key vectors:

-  a technology vector
-  an economic vector
-  a political vector
-  a demographic (consumer/customer/culture) vector (Burke & Trahant, 2000).

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<sup>1</sup>Business Climate Modeling is a proprietary term of PricewaterhouseCoopers.

Each of the four vectors comprises different variables (drivers) that influence how that vector affects a given industry, company, or the economy as a whole. The aggregate of these individual variables is what creates the overall impact of that vector on a company or industry at any given point in time. The four vectors can be viewed as being positioned on a matrix and as being related both directly and indirectly with each other. An analysis of the four vectors for emerging trends can help an organization answer any of numerous strategic visioning questions with which it may be grappling. Perhaps your company is

- ❁ concerned about how overseas political instability could potentially affect its profitability in emerging markets
- ❁ concerned that a competitor's new technology could eventually leapfrog its own and, thus, fundamentally change the balance of power among business competitors
- ❁ concerned about developing the long-term leadership bench strength it will need to compete in the rapidly emerging world of e-business.

By developing and answering question sets directed along the four vectors, the BCM process can help your company's top leadership team develop an informed and shared point of view about these and other consequential business issues.

The BCM process begins with a company's top leadership team asking itself key questions in each of the vectors and ultimately linking the questions together to create appropriate cross-references to understand the interrelationships of these factors—how disruptive new technologies and economic volatility in emerging markets can affect a company's profit picture, for example, or how political instability in developing nations or new consumer trends in a developed economy does so. These factors have enormous implications for a company's profitability, sustainable growth, market share, and organizational vitality. Leaders need to become aware of the deeply subtle interplay among these vectors in today's global business environment, because emerging trends and long-term currents can be hard to discern, in many cases, or even discontinuous in nature.

Table 3-1 lists some questions directed along the four vectors of the BCM process. These questions might be asked of an organization's leaders as they go about the visioning process. Real question sets (including vector cross-connects) are developed only after intense discussion with a client and determination of specific needs.



**Table 3-1. Sample question set built upon the four vectors of the BCM process.**

**Understanding the *technology vector's effect* on a given industry or company requires that leaders ask questions such as:**

1. How are technological advances (e.g., e-business) in the economy as a whole (and in our company's industry specifically) putting pressure on the company's business performance?
2. Which specific technologies (individually and in combination) are driving the redesign of business processes and customer relationships for our company today?
3. Historically, how quickly has our industry/company integrated new technologies into its work processes or organizational design? (Is it an early adopter or late adopter of new technologies?)
4. In what ways are customers putting pressure on the company to adapt technologically?
5. What core technologies are driving change and transformation in our industry and to what extent is our company staying abreast of these advances?
6. In what areas is technology particularly critical to our company's bottom-line business performance (e.g., research and development, distribution, sales, marketing)?
7. Are there technological breakthroughs on the horizon that are likely to radically transform our industry when the technology is applied to business operations and work processes?

**Understanding the influence of the *economic vector* on a given industry or company requires that leaders ask questions such as:**

1. What macrorends in the economic environment (economy-wide) are putting specific pressures on our company's business performance at this time?
2. What microrends (i.e., industry-specific) are putting pressures on our company's business performance at this time?
3. To what extent is our company a global company?
4. In what ways is our company vulnerable to fluctuations in exchange rates, capital flow changes, and other factors that affect capital availability and cost of capital?
5. To what extent is our company financially leveraged in emerging markets? Where is it leveraged? (See also the political vector.) To what extent is there financial volatility in those countries or economies where it is leveraged?
6. How good is the infrastructure in the emerging markets where our company does business?





**Understanding the political vector's influence on a given industry or company requires that leaders ask questions such as:**

1. What political developments (global/local) are of most concern to our firm at this time?
2. How might these events potentially affect the climate for doing business in those countries or areas where our company operates?
3. In what "problem" countries does the company current operate? Specify.
4. To what extent is there political instability in these countries? Specify.
5. What is the climate of relations between the United States and the various foreign "host" countries in which the company operates? Specify.
6. Are there latent political forces at work in the countries where the company operates that could potentially cause business interruptions, a breakdown of laws, seizure of company assets, or other conditions that could discourage investment? Specify.

**Understanding the influence of the demographic (consumer/customer/culture) vector on a given industry or company requires that leaders ask questions such as:**

1. Describe the nature of the company's customer base in country \_\_\_\_\_.
2. To what extent is the company's bottom-line business performance in country \_\_\_\_\_  
\_\_\_\_\_ being driving by changing demographics, changing consumer habits, or increased/decreased consumer/customer affluence?
3. What is the current proportion of business-to-business and business-to-consumer commerce that the company engages in country \_\_\_\_\_?
4. What is the likely proportion of business-to-business and business-to-consumer commerce in country \_\_\_\_\_ in 2 years? 5 years? 10 years?
5. To what extent is rapid wealth redistribution taking place in country \_\_\_\_\_? Specify.
6. Is the company struggling to adapt to changing customer/consumer demands in country \_\_\_\_\_?
7. To what extent are changes in the country's culture (e.g., laws, customs, public policies, political leadership) affecting consumer buying behaviors and preferences?

## Summary of the BCM Process

The BCM process can take the form either of a macroeconomic scan (the entire business climate) or can be tailored to forecast developments in a specific industry or vector. In any case, companies are forced with increasing frequency to reassess their marketplace position, their competitive strategy, their technological strength, and whether they have the leadership skills necessary to compete in an increasingly turbulent marketplace. The role of the OD consultant or T&D professional will undoubtedly be that of helping to facilitate the visioning and re-visioning process. The BCM process and other visioning tools can go a long way toward helping you and your organization clarify goals, identify challenges and opportunities, and ultimately articulate a new and compelling organizational vision and direction.

## Think Big

This chapter explored the characteristics of companies that enthusiastically embrace their vision and mission. Such companies share several important characteristics: strong values, a core ideology, and an ability to think big about their future goals and business direction. To help your organization follow in the footsteps of these proven successes, use the visioning pyramid and robust visioning tools to undertake the visioning process and brainstorm your organization's future.

There is no one best way to translate a new vision into a set of action plans, of course, but doing the things suggested in this chapter will help enormously. Strategic visioning and process tools will help focus the attention and energies of your organization's senior leadership team as it tackles visioning activities and will help improve your effectiveness as a group facilitator and leadership coach in that process.

Although many companies today struggle with articulating their vision and identifying the steps needed to realize it, these are not the only leadership challenges facing modern organizations. Far from it! Indeed, to actually implement a vision, an organization needs first to understand and articulate a set of values and then align people's behaviors at all levels with those values on a consistent basis. Chapter 4 will discuss the importance of using 360-degree assessments to help align people's behaviors behind the vision and values that an organization articulates for itself.