

Wells Fargo, a cautionary story on how not to do core values

By Gene Moorhead, Qualified EOS Implementer, 11/8/17



Here's a true story that you may be familiar with about how not to do core values.

But first, what are core values and why do you need them?

Core values define your culture. They are your belief system. They form the basis for how trust and internal understanding are formed. They are what you stand for regardless of the environment, competitive issues or management fads.

Core values today are fundamental in how you recruit, hire, train, recognize, reward and fire your people.

They are not something devised by the marketing department.

At EOS we have a system for the leadership team to discover, discuss, debate and decide what your organization's 3 to 5 core values are. We then use those core values with a tool called the People Analyzer™, along with an Accountability Chart™, to help you determine that you have the right people in the right seats. It's real and works very well.

Here's the Wells Fargo story on how not to do it.

On their website they indicate they have five primary values based on their vision and provide the foundation for everything they do:

- People as a competitive advantage
- Ethics
- What's right for customers
- Diversity and inclusion
- Leadership

Good so far, right?

But let's see how Wells Fargo performed on those core values.

The Wells Fargo account fraud scandal is an ongoing controversy brought about by the creation of millions of fraudulent savings and checking accounts on behalf of Wells Fargo clients without their consent.

"Ethics and what's right for customers" Wells Fargo was fined \$185 million dollars in September 2016 due to the creation of some 1.5 million unauthorized deposit accounts and over 500,000 unauthorized credit card accounts between 2011 and 2016. In May 2017, the total estimated number of fraudulent accounts was closer to 3.5 million.

"People as a competitive advantage" - the bank fired approximately 5300 employees between 2011-2016 as a result of fraudulent sales.

"Leadership" - Wells Fargo employees described intense pressure, with expectations of sales as high as 20 products a day. Others describe frequent crying, levels of stress that led to vomiting, and severe panic attacks. Some indicated the call to the company's ethics hotline were met with either no reactions or resulted in the termination of the employee making the call. John Stumpf, former CEO of Wells Fargo, was summoned to a hearing before the Senate Banking Committee in September of 2016. When questioned he was unable (among many other items) to recall their primary values. Regarding the firing of employees for fraudulent sales, prompted one senator to ask the question "At what point after firing a thousand people a year for five years that you didn't realize you had an internal problem?"

These core values appear to have no meaning to the company. They may have been written by the marketing department and approved by senior management as something that looks good on their website because everybody else has some – (a holdover concept from the last century)

Make your core values real – it's imperative for the new transparent ways of doing business in this century.

Keep Moving!

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Helping organizations clarify, simplify and achieve their vision.