

Values that create value

An interview with Sven H. Korndörffer, chair of the executive board of the Values Commission and Ingo Weiss, partner of the real estate enterprise, Driven.

Good corporate governance focuses on values such as respect, integrity and responsibility. Sven H. Korndörffer and Ingo Weiss discuss why this is of existential importance for society and for the companies themselves.

Mr Korndörffer, what exactly is the Values Commission? What are its aims?

Korndörffer: The Values Commission is an initiative among executive management in Germany the aim of which is to strengthen the awareness, among all organisational hierarchies, that value-oriented management creates more value. We constituted ourselves in 2015 during a period when we had the feeling that the economy was suffering from a rapid loss of values. We wanted to be the ones committed to values and thus create the opportunity to show ourselves and set an example. Not only does our society need good examples, but ultimately and especially Business needs exemplary personalities too.

What are the values that concern you?

Korndörffer: For us the core consists of six basic values that we have developed into a heuristic process and should be one thing above all: suitable for practical use. These values are called: trust, responsibility, integrity, respect, courage and sustainability. Trust here is the nucleus since an enterprise that people do not trust deprives its employees of security and makes it ultimately leaderless. Responsibility means, to subordinate one's personal benefit to the enterprises overall interests. Integrity means consistent orientation toward values, laws and standards. Respect stands for due consideration of others' points of view. Courage is what one needs to be able to lead the enterprise even during difficult times in accordance with one's convictions, such as in the current corona crisis. And whoever manages his enterprise sustainably works for a long-term positioning long after his own efforts in the enterprise have ceased. In order to genuinely live these values means to look at oneself in the mirror again and again and ask: am I doing this right?

Your interim evaluation after 15 years of Values Commission—what, and above all: whom have you reached?

Korndörffer: I am pleased to say that we have been able to bring these issues also far beyond Business into the society as a whole. For example our annual management survey with the TU Munich is the only long-term survey in Germany pertaining to value oriented management. Moreover personalities from Business, government, culture and the churches actually show their "face" in the literal sense. On one hand this occurs through the *Werteforen* ("Values Fora"), our nationwide discussion format. On the other hand this is by means of diverse books published, such as currently the new book *Apropos Werte* ("Speaking of Values"), rendering an exceptionally lively view of the

value discussion in Germany! And we are constantly adding new formats. For example, our new podcast is moderated by Andrea Rexer, a business journalist for many years and now communications director at HypoVereinsbank/ UniCredit. Above all our network of value-oriented people has continued to grow in the 15 years of our activity and is supported by growing numbers of entrepreneurs. One of them is here today...

You mean Ingo Weiss, who just joined the Values Commission with his new real estate enterprise, Driven. Mr Weiss what was your personal motivation for joining the initiative?

Weiss: Trust is the basis upon which my partners and I founded Driven. We valued and respected each other for a long time and wanted to do something together. And that certainly did not mean muddling from one project to the next but to establish a long-term enterprise. Here the purchase of an old real estate portfolio, that one operates for another thirty years, have a more sustainable impact than some new construction projects. We do justice to our social responsibility with this internal sustainability demand. Whoever wants to successfully manage an enterprise must always be ready to take risks, at the same time he cannot risk his employees and their families. To care for their welfare is a social obligation that one has to meet.

Please describe your commitment in the Values Commission, how and where can you be engaged?

Weiss: We began with a sponsoring membership for three years and thus will also naturally support the 2020 anniversary financially. Beyond that we want to try to have an impact beyond that with our commitment to ethical values and demonstrate with our name support of the Values Commission's objectives—especially in the real estate sector.

Korndörffer: The long-term financial support is very important for our initiative in order even to make the honorary work of the values commission possible. In the case of cooperation it is very important to us that the values we postulate are also actually lived by our members.

The motto of the Values Commission is: "Values create value". While it is true that the real estate industry definitely creates permanent values, yet these are often associated with ideal values. Why is that?

Weiss: In the past two decades the real estate industry experienced a massive boom that was accompanied by a certain gold-digger attitude. It is never good for an industry when many young people make lots of money too fast. Then ethical values shift quickly to the back. But that is changing now. Again there greater understanding arises that healthy profits do not necessarily mean maximum profits.

Korndörffer: In nearly all management surveys of the past years the values of trust and responsibility are actually assigned the highest importance. Interestingly courage always floats around last place. Whereby one also needs courage to take responsibility!

Weiss: I think that this aspect will now become more prominent due to the corona crisis. Currently one really needs courage to be able to meet one's responsibilities. Good enterprises know that in the current situation they have to add another chip since now even there are also opportunities arising from the crisis.

The EU Commission is currently considering this subject. Soon binding ESG criteria are supposed to promote ecological and social responsibility as well as good business management. What do you think of this initiative?

Weiss: I find myself rather divided on this issue. The demand is correct, but in order to fulfil my responsibility as entrepreneur I do not need any EU taxonomy. This kind of strict regulatory framework might be a benefit to auditors but it is simply too complicated for the SME sector.

Korndörffer: We cannot and should not shy away from a holistic sustainability perspective. Moreover the approach by the EU Commission is correct, to give positive impulses for business practices that are more sustainable and climate-friendly. However I would appreciate if during and even after the process evaluation points were included by which the rules would be considered and examined to determine which approach was correct and which was not. In any event more transparency and standardisation in the ESG area are advantages so that investors can take appropriate investment decisions.

Weiss: Transparency is good, but standardisation ought not to go too far. Value based action ought to be fun too. Therefore I find the approach by the Values Commission, to motivate others by example, significantly more sensible than strict rules. Even entrepreneurial freedom is a value to be respected.