Taking Action: A Guide to Leading Culture Change

By The Denison Roundtable and Colleen Lief

What is organizational culture? I’ll know it when I see it!

Like art, we might not think we know a lot about it, but we recognize a company’s culture when we see it. We see evidence of it every day in the willingness of people to work together on a deadline, the empowerment one can sense from a front-line employee and the dogged commitment of sales and service people to provide the best overall solution to customers. Even the design and layout of company offices can provide insights into what an organization really values. Signs of unhealthy culture also abound and are manifest in an “It’s not my job” mentality, poor customer service and ultimately, deteriorating financial performance. The link between culture and performance is discernable and proven. Getting to the bottom of what drives your individual organization is not only a “nice to do” to promote a harmonious work environment but an absolute necessity to preserve and grow your enterprise.

For a long time, business leaders innately knew what academics later came to acknowledge and name. Corporate culture was described back in 1966 by McKinsey & Company managing director, Marvin Bower, as “the way we do things around here.”1 Again, like many things, often the first impression is the most powerful and accurate. The natural simplicity and resonance of the phrase strikes a chord with anyone who has been in the middle of a culture change. A more scientific definition by one of the leaders in this field, Edgar Schein, suggests that culture is:

...a pattern of shared basic assumptions that was learned by a group as it solved its problems of external adaptation and internal integration, that has worked well enough to be considered valid and, therefore, to be taught to new members as the correct way to perceive, think, and feel in relation to those problems.2

Or, if you prefer, Geert Hofstede’s “collective programming of the human mind”3 also seems to resonate with experience.

So, we all can agree that corporate culture exists. Now what do we do about it? A healthy culture can positively influence a firm’s performance. And, we have all witnessed some disastrous consequences when it goes awry. Do AIG and Enron come to mind? In the current environment, there seems to be no shortage of companies behaving badly. As we write this, the business world is undergoing fundamental change. Traditional practices and mores are going by the wayside and brand new approaches to conducting business are being pursued. While even the most basic tenets of commerce are being challenged, one source of shelter in the storm continues to exist – the power of the people who

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work for you and make it happen every day. It may sound a bit simplistic but, more than ever, the quality of your workforce and their commitment to customers, goals and each other can make or break the company.

One thing is for certain. The more managers know about corporate culture and how it is evolving in their companies, the more effectively they can design and implement initiatives aimed at greater productivity, strategic coherence and employee engagement. As Schein noted:

...the only thing of real importance that managers do is to create and manage culture⁴.

Schein believed that managers try to influence corporate culture through:

- What leaders pay attention to, measure and control on a regular basis
- How leaders react to critical incidents and organizational crises
- How leaders allocate resources
- Deliberate role modeling, teaching, and coaching
- How leaders allocate rewards and status
- How leaders recruit, select, promote, and excommunicate⁵

The stakes are high. A thoughtful, comprehensive approach to this vital subject is critical to the long-term success of an enterprise. This is especially true as we face volatile times ahead.

The Denison Model

Developed over 20 years of research and real-world application, the Denison Organizational Culture Model describes a theory of organizational behavior that links the strength of corporate culture to bottom-line performance.

Through work with over 5,000 organizations, the Denison model has demonstrated the link between healthy corporate cultures and performance in important areas such as ROA, ROI, innovation, quality, customer satisfaction, sales and market share. The knowledge that leaders can gain by applying the Model equips them to leverage their company’s strengths and identify weaknesses that may hamper its long-term success.

To evaluate an organization’s culture against four key traits and 12 indices, the Denison Organizational Culture Survey asks questions that measure specific aspects of corporate culture. (See graphic below.) Employees and managers take a 60 item survey that explores underlying beliefs and assumptions. Their answers offer in-depth insights into deeply-held beliefs and core values. Individual survey results are then aggregated and reported back to management to create a comprehensive overall picture.

The model highlights the four key traits of Mission, Consistency, Involvement and Adaptability that an organization should understand and harness in order to be effective. Each trait breaks down into three more specific areas for a total of 12 indices. Each of the four traits is represented by a different color on the graphic. This color coding helps to provide visual and concrete feedback to management. In short, the more color in the circle, the healthier the culture and the greater clarity that exists among employees regarding important organizational concerns such as strategy, goals & objectives, customer wants and needs, the ability to change, and how to work effectively with others across the business.

**The Denison Organizational Culture Model**

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**External Focus**

- **Adaptability**
  - Organizational Learning
  - Strategic Direction & Intent
  - Goals & Objectives

- **Mission**
  - Values
  - Integration
  - Agreement
  - Core Values

**Internal Focus**

- **Involvement**
  - Team Orientation
  - Capability Development
  - Core Values

- **Consistency**
  - Empowerment
  - Team Orientation
  - Core Values

**Flexible**

- **Stable**

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What happens after the survey?

The colorful graphic that emerges from the collective survey results will highlight the strengths and weaknesses of your corporate culture. Again, the more color, the stronger the culture and the greater level of clarity that exists among your employees. So you may be pleased or displeased with the results, but almost always there are areas identified that could make the organization more cohesive, focused and effective.

So, you are wondering, where do we start? Now that we’ve found out we have an issue in Mission, for example, how have other companies moved the needle in Mission?

Best practices of other organizations faced with similar situations can be a good guide when embarking on a change program of your own. Over the decades of the survey’s existence, many companies have walked in your shoes. While every management’s response will be tailored to the specific needs and dynamics of their firm, some overarching principles have emerged over the years. It’s better to learn from the school of hard knocks then to suffer the lessons yourself, right?

A Blueprint for Change

Through the experiences of many of your peers, we can trace a road map for how best to go about effecting change in your organization. The Denison Change Cycle, below, reflects best practice on how many companies have successfully enacted change in response to survey results.
The Cycle starts with an assessment of the current culture. Once management receives its Denison results, the divergence of goal and actual performance becomes obvious and must be acknowledged. Building the team of key individuals who will step in and help transform the organization comes next. Creating a vision and driving a program of concerted action are logical next steps. An evaluation of progress rounds out the process.

**Best Practices: Hard-Won Insights from the Trenches of Culture Change**

Here are a few pearls of wisdom distilled from the experiences of others that may help you craft your company’s unique response to this call for action:

1. In order for the change process and results to be meaningful, authentic and successful, a firm must own the process. Top management buy-in and commitment is critical.

2. Use a combination of ‘involvement’ teams and ‘business’ teams to drive change. Involvement teams can be used to explain the ‘why’ behind the ‘what’ of the survey findings and surface key barriers to success. Business teams can develop targeted plans to address those barriers and implement actions designed to improve business performance.

3. Ask yourself what actions you have already taken or what ongoing business processes support your culture development initiatives. Build on what is working. Nothing happens in a vacuum. Consider the context.

4. Any change initiative will likely impact more than one specific index or trait. Culture is a system.

5. Embed goal advancement, tangible accomplishments and related metrics into your performance appraisal and employee development systems.

6. Explain to all relevant stakeholders why change is important. Simplicity is essential to conveying urgency. Graphics which summarize the new vision may enhance understanding and adoption of the change initiative.

7. Implementation programs work best when they consider cross-functional implications and include representatives from across organizational boundaries.

8. Use every method of communication available to get the word out. Widen your concept of stakeholders to include all levels of employees and management, community, shareholders and board members, among others. Many companies have adopted all-employee meetings as a way to communicate and garner buy-in and commitment. Data from the survey is important but open discussion of the results can make the difference in affecting meaningful culture change and a failure to do so.

**In Summary**

Experience tells us that culture data is most impactful when it does two things – facilitating ‘honest’ conversations in organizations that lead to thoughtful actions. While identification of problems is certainly vital to solving them, sometimes the best prescription for a cure is to step back, gain a real understanding of underlying issues and craft a
thoughtful, informed response. It seems clear that some general principles of corporate culture change do exist. But a successful action agenda will depend heavily on the dynamics of the individual culture. It is our desire that by sharing the stories of what has worked for others, change leaders may be empowered to develop unique solutions to address their firm’s specific challenges.

**Addressing Specific Traits**

What follows are some real life stories of how other corporations have gone about “moving the needle” in Mission, Adaptability, Involvement and Consistency.
Moving the Needle

Mission - Defining a meaningful long-term direction for the organization.

A mission provides purpose and meaning by defining a social role and external goals for the organization. It provides a clear direction and goals that serve to define an appropriate course of action. A sense of mission allows an organization to shape current behavior by envisioning a desired future state. Being able to internalize and identify with an organization's mission contributes to both short and long-term commitment.

Global Furniture Retailer

Content:

A global furniture retailer was feeling the pressure for rapid worldwide expansion. More and more people wanted access to the lifestyle that the brand represented – style, value, independence and freedom. Yet the organization was wary of expanding too rapidly. Its corporate culture, nurtured within a strong national culture context, was treasured and jealously guarded. There was concern that too much or too quick growth would dilute the firm's sense of mission. Franchise operations played a pivotal role in the company. So decisions on moving forward were complicated by the fact that a significant proportion of stores were run by franchisees. Clarifying the purpose of the organization became much more difficult in an asymmetric control structure.

Action:

Demand for new stores was high. But the company realized that the key to its success and importance in society lay in who it was and what it believed. It would not risk losing that through overzealous expansion. Spreading its beliefs and
products to the wider world was integral to its operating philosophy, however. So an approach to smart growth had to be developed.

In the process of formulating its international strategy, the company discovered further truths about itself. The firm operated according to very personal, and sometimes contradictory, principles. It relied heavily on the founder’s national traditions but left enough room to respect and leverage foreign cultures and markets. Growing the network of stores would increase opportunities but also the burden of careful recruitment, selection and training of new employees.

**Impact:**

Together, company veterans and knowledgeable local hires formed winning teams and rediscovered the source of the company’s power and success – acting authentically and in accordance with its “DNA”. Even staff who worked in other global locations could influence how fully the organization’s philosophy and way of doing things was permeating store openings in emerging markets. The company intranet, magazine and operating manuals provided good guidance to those new to the organization’s method of thinking and acting.

The HR selection process was critical to the team approach. Less emphasis was placed on skills in considering new hires. Interviews instead focused on core beliefs and character and assessing whether the job candidate already possessed a life and work philosophy aligned with the organization.

Institutional knowledge sharing not only flowed from headquarters down to emerging market stores but also laterally among stores. Lessons learned and insights gained in opening new stores in new markets helped inform global strategy at the headquarters. “Commercial Reviews” were conducted annually to assess how closely stores throughout the system were adhering to the mission, values and brand.

**Federal Government Agency**

**Content:**

A federal government agency dedicated to scientific advancement and that receives direction from policy makers in Washington, DC, struggles to coordinate activities across multiple centers throughout the United States. By its very nature, the organizational structure has led to the establishment of silos among geographic centers, professional functions (such as research, scientists, testing) and government employees versus contractors.

This particular location has a workforce of over 9,000 employees, of which 2/3 are private contractors. One of the implications of this staffing approach was cultural dissonance. The orientations of these two categories of workers varied sharply. The organization had faced some significant challenges in the past, including failures that played out in a very public manner. Inquiries into these situations cited corporate culture differences and communications malfunctions as significant contributors to the events. These findings started this agency down a road of having a very clear picture of the impact of corporate culture and other “soft” factors. But this focus on people and how they communicate sharpened with the anticipated changes in mission that lay on the horizon.
Action:

Given the organization’s history and shifting priorities, leaders at this agency commissioned the administration of the Denison survey to gauge the corporate culture. The results indicated some real strengths in many areas – including team orientation. The results were somewhat weaker in areas such as creating change and coordination & integration. However, it was also clear from the results that much work needed to be done in more clearly defining the organization’s mission and vision for the future, as well as the series of goals and objectives met that would lead them there.

Debriefs of the results were conducted for each work team. The top 35 people in the organization discussed the results at a leadership offsite meeting. The basic process for understanding the results and driving change is described below:

Impact:

Because the buy-in of top management had been so complete and the results previewed, very little resistance was encountered when the results were rolled out.

The new employee orientation program was overhauled to emphasize the agency’s history, current goals and the motivations behind and benefits of fulfilling their Mission.

Leaders believed the most important knowledge gained through this experience was:

1. Creating a common language among all players
2. Starting with pilot programs to gauge staff reception of the model and survey tools
3. Involving leaders every step of the way and having the Sr. most leaders demonstrate ownership of the results
4. Enabling robust communications capabilities
5. Involving employees throughout the organization in developing an understanding of the data and determining an appropriate course of action
Consumer Products Manufacturer

Content:

Two organizations merged in 2004 to create one large consumer products company, but with two long and disparate traditions. How to help managers and staff quickly embrace their new reality and think of themselves as a singular entity was the question. Creating positive change and refocusing the new entity toward success in the marketplace were priorities critical to the ultimate performance of the merger. Employees took the Denison survey in 2005, nine months after the transaction. Less than one year into a significant merger integration effort, the company scored above the 80th percentile in each of the Mission areas – Vision, Strategic Direction and Goals & Objectives. The results reflected the significant energy placed in getting global buy-in to the new future without obliterating the original firms’ proud traditions. Getting everyone working in the same direction toward a common road map and set of objectives was an urgent challenge, and a challenge that was met head on.

Action:

A unified vision, strategy and road map were established by the executive team following the merger. A common identity was created. Everything that bore the logo or names of original companies was replaced. There would be no trace of “legacy” firms, a word that itself was outlawed by the executive and integration teams. New graphics and tag lines were created to rally employees to adopt the new road map emphasizing growth, productivity and responsibility and the determination to craft a passionate, high-performance culture. The leadership team’s alignment with each other and with the merged staff would be critical to convincing others. More executive face time with employees was prescribed to sell the new vision and values and demonstrate cohesion and teamwork. They participated in regular meetings, offsite team building exercises and ate regularly in the cafeteria.

Top managers and the HR team led the organization’s members through a number of change programs designed to foster integration and alignment among the merged workforce. New core values were adopted: Principled, Creative, Dynamic and Passionate. Everything each employee did either enhanced the values and change efforts or detracted from them. The primary training focus was on unification, goal alignment and role clarification. HR kept the messages simple and repeated them often through newsletters, the intranet, television and external media interviews to influence the workforce and the sizeable corps of company retirees.

Throughout the first year of the integration, the new organization held multiple sessions with employees including town halls, functional check-ins, and the first ever company-wide meetings to celebrate the formation of the new organization and reinforce the vision and road map for the future. Focus groups provided input on the effectiveness of the messages being disseminated and the extent to which they were clearly understood and accepted. Cross-functional leadership sessions created a platform for senior executives to share the vision and road map in more intimate sessions and gauge the understanding and buy-in of leaders throughout the organization. Progress reports were widely distributed and achievements celebrated, as the company moved toward its goals. The performance appraisal process was adjusted to more closely align individual performance objectives with overarching corporate aims. In the spirit of transparency the goals of every manager, including the CEO, were made available on-line. New job roles were clarified through individual employee meetings.
Impact:

In 2006, when the company took the Denison survey again, although customer focus remained low, creating change scored in the third quartile. The organization continued to benefit from the increased transparency of goals and results. Communication through every possible medium to every possible constituency provided a firm foundation for future gains.

Electrical Utilities Company

Content:

The Electrical Utilities Company was facing some difficult days in 2000. Poor financial performance and a declining customer base threatened the member-owned electric distributor serving a New England state. As the organization was getting its house in order, it sought the advice of employees on ways to continue to rise to the occasion. Efforts to reach out to staff started with employee satisfaction surveys developed in-house. While these served a purpose, more entrenched attitudes and behaviors that blocked the path to improvement persisted.

The company was determined to break through this logjam and decided to institute the Denison survey. Not only could the organization perhaps determine the source of its ills, but it would provide all employees access to one understandable language to discuss and resolve culture issues. The Denison survey uncovered weaknesses in many areas of organizational culture, as results hovered in the 1st quartile. Executives decided to coalesce around a robust sense of mission first and move on to other issues from a position of strength.

Action:

The organization’s game plan was as follows:

1. Measure the need for improvement
2. Agree on a firm direction
3. Cohesive leadership team takes the fore
4. Gain commitment and buy-in of staff

Voluntary 2-day leadership summits were attended by almost all staff members and sought to strengthen and make more visible the link between daily activities and the organization’s mission. Management’s deliberate attempt to make better use of cross-functional teams gave employees a better understanding of what the organization and other work teams accomplished.

Impact:
Employees took the Denison survey again in 2003. This time, the results were much improved and showed gains across all categories. The scores in mission were most significant, with the highest scores exhibited in vision and goals & objectives. Comments accompanying the survey indicated that employees noted improvements in communication and understanding of the organization’s mission.

Health Insurance Company

Content:

The need to address corporate culture at a small health insurance company had become apparent, as the divergence between the sales culture and people development sides of the house grew larger. It seemed clear that culture at the organization needed to be assessed and measured, in order to satisfy both constituencies. Since the Denison survey fulfilled both these criteria, the company decided to administer the instrument to its employees in 1997. The initial results were not pretty. The organization scored low in virtually all measures. While the highest scores were exhibited in mission, the company’s performance even in this area lagged its peers.

Action:

Managers decided that it was best to focus on one thing at a time in order to improve chances of success. Leaders would focus on mission and measure the outcomes of their efforts in 12 months. The CEO began to hold town hall-style meetings with employees. They could directly pose their questions to the organization’s management. This step alone enhanced communication in this modestly sized entity. Having relatively few employees allowed them to take an individual approach and establish personal goals for each employee that tied into the overall goals of the organization.

Impact:

Through these initiatives and the flexibility that a relatively small workforce allowed, when the organization took its next survey in 1999 the advances the organization had made were impressive. In the trait of mission, they scored in the 4th quartile in all three indices. This success encouraged the entity to address other traits which represented the overall culture. Next up, involvement.

European Consumer Products Company

Content:

Many years ago the company founder wrote:

A company in itself has no intrinsic strength from which to develop and grow. It is in the selection of its employees that its fate — its success or failure — ultimately lies.
This European-based Global Consumer Products company had a history of appreciating the power of the people in its employ and conducting employee satisfaction surveys. While the company may have been trying to gauge the temperature of employee sentiment, the staff expected change to come from all those filled-in circles. When that was not forthcoming, skepticism and a little mistrust began to creep in to staff-management relationships. The company had also just put the finishing touches on a revised vision and strategy statement that took the form of ten values. It was critical that the organization embrace these values as a way of becoming a more cohesive whole and to achieving even greater success. The organization decided to implement the Denison survey in 2003 in order to find out where work needed to be done to accomplish these ends. The results of this massive survey indicated that employees lacked an adequate understanding of company strategy and vision.

**Action:**

Each department manager received results tailored to their own work teams. This allowed them to craft remediation efforts relevant to their employees. Across the company, over 400 workshops were held to discuss the results and the changes necessary for improvement. Most of these workshops centered around strategy, vision and values although many dealt with how different parts of the organization could work together more effectively.

Up until this point, management did not always share the details of its strategy with its workforce. The Denison results showed this approach had not yielded the unanimity and buy-in needed for success. So a major communications initiative was rolled out to increase awareness and commitment.

**Impact:**

When the Denison survey was administered again in 2004, much improvement was noted. Not only did the response rate increase, but the results showed the message had been well-received by middle managers who had been the focus of many of the efforts. The 2004 survey showed distinct improvement in all three indices of mission – strategic direction and intent, goals and objectives and vision. With this success, the organization marched on to a 2006 administration of the survey, this time targeting front-line supervisors.
Adaptability - Translating the demands of the business environment into action.

A system of norms and beliefs supports an organization's capacity to receive, interpret, and translate signals from its external environment (market, etc) into internal behavioral changes that increase its chances for survival, growth and development.

Three aspects of adaptability impact an organization's effectiveness: the ability to perceive and respond to the external environment, the ability to respond to internal customers, regardless of level, department or function and the capacity to restructure and re-institutionalize a set of behaviors and processes that allow an organization to adapt.

Color Technologies Company

Content:

A company specializing in providing color solutions to the printing, packaging, photography, auto, plastics and other industries, found it had a problem. It had been a leader in technological innovation for 53 years. But it had lost its edge as it fell victim to flagging customer orientation, departmental silos and poor morale. Sales and profitability reflected these shortcomings and it was time to do something.
A new CEO took the helm in 2001 and instituted changes related to improving customer focus and rationalizing product lines and market which had ballooned in recent times. In order to measure the impact of this change program, the Denison survey was administered to headquarters employees in 2001. The results were alarming and angering to those who had been working on creating change at the corporation. Scores were low, in the first and second quartiles for all 12 indices. Of particular concern was performance in the adaptability trait. Without a culture open to change and focused on the customer, the organization could never get where it wanted to be. Managers realized that a fundamental shift in the way they did things was necessary to make progress.

**Action:**

The company quickly honed in on the need to clarify its vision and make sure every employee knew what its objectives were. The CEO minced no words when he stated that the organization was and is in the color business. Period. Over the years, acquisitions and other initiatives had led the firm in many directions. It lost sight of its core competency and source of strength – color technology. Everything flowed from there, the dismantling of silos and rallying staff around a more customer-centric mentality.

“Play to Win” became the company’s theme and new rules of engagement were adopted for managerial behavior. It included a 360 degree evaluation system which measured accountability, excellence of execution, customer focus, growth, passion, celebration and innovation. Teamwork and customer satisfaction were at the center of the newly introduced “Product Life Cycle” initiative which linked every employee’s work to the end product and end-user. People could see more clearly how their daily activities impacted the company. Internal customers were important, too.

The fact that everyone’s work was connected was highlighted by the “Live My World” program that had employees spending a day with their internal customers to get a better appreciation for what they do. All these activities culminated in the entire staff joining together to bid for a contract. Constant communication, especially the spoken word, was at the heart of change at the organization. Adjustments in the physical layout of the offices were key to this effort. Instead of each department having its own corner of the building, managers worked together in one area to enhance communication and teamwork.

**Impact:**

In 2003, HQ employees took the survey once again. The results were stunning, but this time for a different reason. The company had scored in the third and fourth quartile in all indices. The important adaptability indicator, customer focus, rose significantly. In addition, sales and net income jumped precipitously. The organization rediscovered its entrepreneurial and innovation roots, as 22 new products were unveiled to customers. Their efforts also paid dividends in employee satisfaction. A more unified staff and a strong, self-directed strategy made the company a more rewarding place to work.
**Office Products Company**

**Content:**

An 80-year-old office products company with an impressive track record of success was endangered by significant changes in the operating and competitive environment that was reducing its 65% market share and threatened its pre-eminent position in the industry. The organization found that its vast product line was still being accepted for shelf placement by prominent retailers but end-users were migrating to other products and generic brands. Product differentiation amid a sea of competitors was becoming untenable.

**Action:**

The company needed to create a viable, responsive strategy to win back customers. It launched an intense research effort to re-discover what current retail clients valued in this segment. Product developers expressed surprise at the results, indicating a need for greater understanding of the market.

Internal corporate culture had become detached from the realities of the marketplace. This realization necessitated a greater emphasis on customer satisfaction. A comprehensive consumer segmentation study was conducted and generated a clearer understanding of consumer preferences and identified unmet consumer needs.

Development teams staffed with both marketing and engineering professionals were sent into the workplace to study consumer behavior more closely and test potential solutions. Insights were shared at company meetings and with key retailers and initiatives were designed to leverage future growth opportunities.

A growing appreciation for the needs of end-users brought the company together around a common vision and re-dedication to the brand promise of excellence and innovation. Laminated cards outlining the company’s vision, mission and values were distributed to each employee to serve as a constant reminder of what needed to change and what were unswerving principles.

**Impact:**

Operations, supply chain and other functions were re-configured to ensure alignment with market strategies. New and more meaningful metrics in consumer research, new product replenishment rates, and financial reporting gave a truer indication of success or failure.

Coming to terms with a better understanding of the complexity of the market and composition of the consumer base made the difference in meaningful new product development and improved financial results. This new knowledge influenced all decisions and drove product line expansion and merger and acquisition strategies.

**Healthcare Technology**

**Content:**

This Healthcare Technology company was active in the anesthesia business in China. However, it had no representation in that market’s low-cost sector, since its efforts thus far had focused on high-quality, cutting-edge technologies. As a
consequence, it purchased another organization in 2006 to enhance its presence in rural basic equipment products. The purchase of this organization seemed a little ironic, given that many observers thought the source of the acquisition’s product ideas was from the parent company’s line.

Now that the two entities were merging, cultural, strategy and philosophical differences had to be addressed. A new general manager entered the picture and had to quickly figure out how to make a cohesive business and work team from this amalgamation. He developed a new business strategy, objectives and longer-term vision for the group. Detailed planning occurred for each unit within the company and monthly town hall meetings were used to underscore the short- and long-term mission of the organization. Awards were presented for teamwork and displaying a can-do attitude.

In 2007, employees took the Denison survey. While it was believed some progress had already been achieved, the Denison results showed significant weakness in Customer Focus.

**Action:**

It could be anticipated that integrating a strong corporate culture like the parent company’s with another very different organizational approach like the acquisition’s would be challenging. Tangible steps such as implementing a rigorous compliance training program and drastically reducing the number of suppliers aimed to streamline and clarify the business process throughout the organization. Enacting change while maintaining production and sales quotas tests any entity’s mettle. Add to this, the constant need for new product development and existing client service and maintenance under a new working regimen. But the message was clear, they were now one company with two product lines but with one business approach and set of goals. The general manager also stressed the critical nature of the product line to staff. The equipment they produced was life-saving to patients. It was their profound duty to work together and produce the best possible anesthesia equipment possible.

So the achievement awards and town hall meetings continued to support the organization’s client-centered agenda. It took time. But managers hoped that their efforts at communication, streamlining and goal-setting would be reflected in the next round of Denison results.

**Impact:**

They again took the survey in 2009. This time, significant improvement was noted in both customer focus and creating change. Employees scored in the third quartile in both measures. The shift in the staff’s approach was further reflected in financial performance. Sales volume had doubled and exports to other emerging markets were on the rise. Hurdles remained in the organization’s path but much progress had already been accomplished.
A US Based Airline

Content:
In the mid-2000s, a six-year old US-based airline had achieved a lot of early success with an unusual business plan. It was a low-cost one-class airline that flew a small number of jets and operated from a limited number of cities. It offered perks, however, that one would not expect from a cost-conscious experience. Satellite television and radio and leather seats delighted customers. The airline looked over the horizon and saw that ever increasing competition, volatile energy costs and most importantly, its own success, might imperil its future. The time was now to ensure a legacy as a change-oriented, customer-focused corporate culture.

The airlines Systems Operations Center (SOC) was the nerve center of the airline and saw to it that employees had effective leadership, decision making capabilities and communication prowess to continue to delight customers. The SOC took the Denison survey in 2006 in an effort to identify weaknesses early and to ensure that the right training and support was offered to staff. Denison results surprised the participants and showed many areas for improvement. The airline decided to focus its efforts on developing an openness to change and an enthusiasm for customers. The SOC scored in the second quartile for creating change and customer focus and scored even lower in organizational learning.

Action:
Employees participating in the survey noted the variation in results at the director, managerial and supervisory levels. Focus groups were organized to interpret the results and set out a five-point action plan to address weaknesses. Initiatives to tackle shortcomings in customer focus and creating change were part of the agenda that was communicated to the entire SOC organization. Weekly meetings were scheduled to develop specific strategies for implementing change. But an emphasis was placed on management demonstrating their buy-in to the five-point plan.

A roadmap showing where SOC started on its journey and the goal it was reaching for was displayed in common areas. Recognizing communication as an important element in success, ambassadors were commissioned to spread the word about the change afoot. At monthly roundtable meetings and town hall meetings, quick wins were celebrated and progress toward the goal was charted. Training classes for staff members and a new employee orientation program were developed to support the initiatives. A job shadowing program made employees more appreciative of what colleagues do on a regular basis and provides knowledge that could be useful in enhancing workers’ decision making in times of crisis.

Impact:
Eight months after receiving the initial results, the SOC team again took the Denison survey for a follow-up. Scores in customer focus and creating change had risen to the third and fourth quartile, respectively. One of the most striking findings was the substantially greater alignment observed among the different levels of management. Participants acknowledged that better communication had enhanced decision making and so operational efficiency. Employees said the working environment felt more positive and cohesive and the word fun had re-entered the vocabulary.
Moving the Needle

Involvement - Are people engaged, developed, and committed to the mission?

Organizations characterized as "highly involved" strongly encourage a sense of ownership and responsibility. They rely on informal, voluntary and implied control systems, rather than formal, explicit, bureaucratic control systems. Out of this sense of ownership grows a greater commitment to the organization and an increased capacity for autonomy. Receiving input from organization members increases the quality of the decisions and improves their implementation.

Automotive Supplier

Content:

This automotive supplier was a worldwide leader in the production of HVAC, brake and a full range of fuel systems marketed to auto manufacturers as well as the parts aftermarket. As result of multiple management changes, morale among the midwest-based North American division employees was low.

Work flow design was flawed and overcrowded conditions existed for staff as a result of recent reorganizations. When a new leadership team took over in 2003, there was a sizeable bureaucracy in place and a sense of isolation by division employees. Receptivity to change and straight talk seemed palpable on the shop floor.
Leaders believed they could find out where to start in repairing the weaknesses in corporate culture by using the Denison model. The group’s 2003 survey results revealed weak employee consensus and commitment in three of the four traits. The Capability Development index was particular troubling and that is where management’s efforts began.

**Action:**

The remediation plan took a two-pronged approach. Since cohesion and a lack of flexibility were two of the most significant issues blocking change, programs were implemented to address these head on. The two-pronged approach consisted of establishment of involvement meetings to address communication and commitment among employees and business teams that sought to form effective and unified work teams.

The first involvement meetings provided a forum for informing the group about its scores and create a platform for change. All employees attended the involvement meetings which were conducted off-site. The division strategy and vision was enunciated by management and offered for comment and revision by employees. Staff agreed on priorities and tangible action plans. These gatherings tracked the progress of the division’s efforts toward greater cohesion and clarity.

After the success of the involvement meetings, the leadership team next decided to facilitate more effective teamwork. Study groups were formed to consider the appropriate structure and objectives of the new business teams, which consisted of 5 to 20 members. Every employee took part in a business team. Once the teams were up and running, they designed and implemented individualized methods for training and sharing best practices among members. Leadership selection and operating procedures were left to the discretion of each team. Metrics were designed to provide real feedback on how each team’s methods were working.

**Impact:**

When the division took the Denison survey again in 2004, significant improvement was noted in every category. The Capability Development index rose impressively, from the second quartile to the fourth. Safety and profit indicators were dramatically higher. The division no longer saw itself as an outcast. Employees now had a vigorous culture of their own making, which would contribute to their success and well-being.

**National Pizza Delivery Chain**

**Content:**

A national pizza delivery chain had a gut check at a time of significant change. The company was purchased after many years under the leadership of the founder. With his departure, everything seemed to change regarding strategy, day-to-day management and clarity of purpose. Matters were complicated by the vast franchisee network whose stores far outnumbered company locations, yet underperformed them. Overhaul of the prevalent HR philosophy and function would be vital to a more effective approach to people management. The change program was made more complex because company management had limited control over franchisees yet had to impact their behavior and thinking.
Action:

Employees were simply not clear on the purpose of the organization. After many years of focusing on the founder, they had to adjust to really thinking about what they did and why. The main questions were: What business are we in? What separates us from the competition? Coalescing around a new leader, a new sense of urgency and a new focus born of thinking deeply about what we do and how we do it was the primary challenge.

First steps in the change process included promotion of the HR function from job applicant processor to valued member of the senior management team. A more robust store-level staff selection process changed the way the organization did business. The emphasis was on attitude over specific skill sets. Training and internal competition were critical to the change agenda. Store managers received all the tools needed for success, including courses in financial management and store operation that crystallized how success was achieved and the rewards that flowed from it.

To address change in a franchisee environment that relies primarily on influence not control, leading by example is critical. Healthy internal competition ensued and brought out the best in both franchisees and company-owned stores. To drive home the essence of team orientation and empowerment, all employees were required to make a pizza in one minute, like those working on the front lines of retail stores.

A graphic was developed that depicted the interdependence of all elements of the company. The seat and legs of a stool bore the captions: People first, Build the brand, Maintain high standards and Flawless execution. Understanding how everything worked together toward a common purpose was key. Focusing franchise owners on the pizza business was essential and meant insisting on an exclusive arrangement. Franchisees were not allowed outside business ventures. Pizza had to be their focal point. It became clear that, especially in this industry, the company with the best people wins. Increased employee commitment, opportunity and tenure could be a differentiating factor for the organization. Since staff turnover was unsustainably high, programs to address retention, training and motivation at all levels were instituted.

Impact:

The company earned a spot as a finalist for the “100 Best Places to Work” list. Significant improvement in EBITDA was noted. Employee turnover fell dramatically, from 158% to 92%.

Store managers were trained in the fundamentals of the business model and financial management. The hiring process for rank and file employees became less bureaucratic and more thorough and demanding. The goal was to achieve a better match between the beliefs and core values of front-line delivery drivers and pizza makers and the company.
City Government

Content:

Revenues collected by this Midwestern city government had been on the decline. Political pressure was mounting to cut expenses, yet maintain a certain standard of services. Despite significant cutbacks in the number of city employees (down 43%) and managers (reduced by 83%), the city administrator was determined that this event not define the city, nor his tenure. He envisioned another future for the city. One in which its best was on display.

Action:

In 2005, the city administered the Denison survey to employees. The results were very disappointing, with 1st quartile performance in every category. In response, individual team leaders were instructed to “fix your unit”, without much training or discussion of what the possible issues were. A lot of energy was expended in an unfocused effort.

The Denison survey was again administered to city employees. Little change was noted, some indices showed even worse results than before. The city retained an external consultant to help formulate a strategy for improving the work environment and organizational culture.

A holistic approach was undertaken to understand what worked in the organization and to form an internal team of change agents. 2007 results were discussed at length with each unit.

Impact:

The customer service unit of city government took the Denison survey again in 2008. Results were vastly improved. In many of the 12 indices, this unit scored in the 3rd quartile. Building an effective team in the city was accomplished by:

1. Gaining full and immediate access to city officials,
2. Leveraging internal relationships and knowledge,
3. Training an internal action team at a 2-day offsite on neutral territory,
4. Establishing a schedule for regular team meetings,
5. Setting up the foundation for team norms and values,
6. Leveraging the teams “street cred”,
7. Creating a “pull system” in which units were asked if they wanted help with their change program,
8. Emphasizing continuous learning on the team,
9. Checking in on a quarterly basis with management such that a valuable permanent resource was put in place for executives and
10. Initiating a training program for future team members with regular rotations to retain knowledge and skills yet prevent stale approach.

Efforts to positively impact the organizational culture can be summarized as get the right team leader, buy-in from the sponsor is critical, invest in building the team and communication is king.

**Asian Beer Company**

**Content:**

One of Asia’s oldest beer companies had grown substantially through mergers and acquisitions. While this strategy added greatly to its girth, it also resulted in a fragmented and less than focused organization. The organization realized it needed to devote some attention to strengthening its corporate culture before it go on in pursuit of its highest aspirations – to compete at the highest global levels as an exemplar of best practice.

The company’s leadership decided to organize around three main concepts: 1) a market orientation versus a production approach, 2) emphasize brand management over a product strategy and 3) optimization of productive capacity. They realized that corporate culture and these strategies were inextricably linked. They administered the Denison survey in 2006 to gauge where the weaknesses in its culture were and to begin working to mitigate them.

**Action:**

The company began to initiate programs to better match employee skill sets with specific jobs in the company. Merit and proactive attention to self-improvement replaced a culture previously built on seniority. A Management Institute was founded to further these aims and provide ongoing job training and reinforce the culture message.

Capability development was also addressed by the launch of an electronic forum for workers to share stories of best practices and their own experiences. The participative aspect of this initiative was thought to dovetail more closely to how employees prefer to communicate. The company updated the code of behavior for employees to reflect changing requirements and norms. Instead of a top-down approach, the company asked for different divisions to take different parts of the code and opine on it and develop an action plan for making it real to colleagues.

**Impact:**

Participation in training programs skyrocketed, as employee engagement rose. The quality and number of programs increased, too, as the company devoted much consideration to what the staff and the culture needed to progress.

Results came early in the form of brand development, strategy and achievement awards within the Asian market in 2007-2008. The company’s accomplishments supported the notion that culture and financial performance are linked. Revenues and profit both rose sharply in 2008 and in 2009 interim periods. The company recently announced plans to build its first plant outside of the country of origin with a joint venture partner. The confidence the company developed in its employees and their understanding of company strategy and vision allowed this first step into global production.
**Technology Company**

**Content:**

A global technology company’s production facility in the US had a problem. Severe contraction in the industry had employees worried about their futures. The fact that the company did not share its competitors’ challenges and was consistently winning new contracts did not matter. It did not matter because employees were unaware of their employer’s relative good financial health. Communication had been a very low priority for plant managers. In the absence of any word from management, the staff began speculating about the downturn they expected at the company. But the facility’s new leader decided to do something about the persistent and negative rumor mill he found in place. He feared morale and the corporate culture could suffer, if the situation was left unchecked. Staff at the plant took the Denison survey in 2001.

**Action:**

The results of the survey were stark. Performance in none of the 12 indices rose above the 1st quartile. Management’s first step was to supplant gossip with a real sense of the organization’s mission and objectives and information on how the plant was performing against these goals. Key financial, quality and customer satisfaction metrics were made widely available and accessible to employees at quarterly all-company meetings.

Armed with this new data, employees could be more aligned with strategy and achieve a better understanding of how their actions impacted these measures. A revised compensation system was implemented to make this relationship more tangible.

**Impact:**

The plant took the survey again in 2003. This time the company scored in the 2nd and 3rd quartile in most indices. Significant gains were made in involvement indicators, team orientation and empowerment. The link between a strong corporate culture and financial performance was demonstrated at the company by the jump in profit, quality and customer satisfaction, following administration of the survey and improvements in communication and compensation plans.
Moving the Needle

Consistency - Defining the values and systems that are the basis of a strong culture.

Consistency provides a central source of integration, coordination and control. Consistent organizations develop the mindset and systems that engender governance based on consensual support. Consistency creates a "strong" culture based on beliefs, values and symbols that are widely understood.

Healthcare Technology

Content:

You will remember from the Adaptability section above that our Healthcare Technology had purchased a lower-end anesthesia device manufacturer in Asia. There was some difficulty in merging the high-quality, detailed culture of the acquiring organization with that of the target company. The new entity took the Denison survey in 2007 after an initial change program and was disappointed with the results. Earlier we talked about what they did to address shortcomings in customer focus. Now we will focus on their efforts at improving core values, agreement and coordination & integration scores.

Action:

Managers realized that even one and one-half years after the merger, the two cultures had not come together on a long-term plan, research and development processes to improve quality or a product management system.
Furthermore, there were troubling signs in the form of disenchantment with the organization’s exacting standards and a trend toward attrition. The strong process-driven system at the organization did not mesh well with the complete lack of standardized processes of the purchased company.

In order to help the team take pride in the organization’s name and appreciate the urgency of finally integrating to become one company and adopting a set of core values, the general manager introduced an innovative program. Employees were assigned to hospital operating rooms to observe surgeries in which their products were used. This brought a crystal clear understanding of product quality standards and their impact on real people.

The general manager continued to chip away at forming a cooperative and unified work team. He needed to convince the doubters that the organization was already #1 in this segment in most of the world and there was no reason why the China market could not achieve those same heights. Getting everyone rowing in the same direction was, of course, critical not only to a more cohesive environment but also to the improved financial results that headquarters was expecting.

Impact:

In 2009 when employees again took the Denison survey, the core values, agreement and coordination & integration indices all had higher scores that were in the 4\textsuperscript{th} quartile. Sales were higher and international expansion was going well. The problem was not yet completely solved but the management and staff at the organization had made much progress.

**European Reinsurance Company**

**Content:**

In the early 2000s, a large European reinsurance company, assigned a new Swiss CEO to the Americas division of its business headquartered in the US. He found a division running a net loss, a managerial team without strategic vision and a decentralized structure that made decision-making unwieldy. Seeking to find out where work was most needed, the division administered the Denison survey to its staff. Room for improvement was noted in all 12 indices. But the organization would focus on increasing consistency.

**Action:**

The CEO first made two simple, but powerful, changes. The offices of senior managers were moved close together. This facilitated natural interactions and discussion. A top-quality espresso maker was installed near their workspace and everyone congregated for impromptu gatherings around a good cup of coffee.

Oversight in the division which stretched across the continent was heightened in concert with a rise in losses that were discovered only once it was too late to stem the tide. Further, the CEO found that an emphasis on booking business and so increase compensation had resulted in robust revenues but a disappointing bottom-line. A more balanced business model was instituted that was intended to solve some corporate culture issues and boost profitability.
Finally, a steadier, less flashy brand of leadership ascended and consistency in the organization naturally followed.

An effort to centralize the division’s activities yielded a tighter, more cohesive group.

Impact:

When the division headquarters staff took the Denison survey again in 2002, significant gains were observed. The core values, agreement and coordination & integration indices had all risen to the 3rd quartile. The division’s operating results reflected the positive impact of these changes.

**Audio Equipment Manufacturer**

**Content:**

A top manufacturer of quality audio equipment, primarily based in the US, had a burgeoning market presence in Asia and Europe. Although the company’s reputation for excellence and innovation had led it to its leading position, managers sought an assessment of its corporate culture as a defensive measure. They did not want anything to interfere with the organization’s dominance of the high-end audio market. So they commissioned a Denison survey focused on strategy and vision, core values and commitment to customers.

**Action:**

Results showed that while employees understood and were in-sync with the organization’s vision and strategy, they were fuzzy on how to execute in accordance with them. Agreement on the meaning of stated core values was hardly unanimous. Part of this lack of unanimity was due to the large number of new hires that had joined the company as well as the international expansion in recent years.

With a continued focus on reinforcing vision and strategy, the organization initiated values-based training programs directed at all audiences. Classes were tailored for executives, managers and line employees. Training design considerations included the increasing internationalization of the firm.

**Impact:**

The targeted training programs resulted in an executive team that lived and modeled the company’s core values, a group of managers that comprehended their role in motivating values-oriented behaviors and a workforce acting on this guidance and applying peer pressure to any outliers. The obvious divergence of national values was acknowledged and utilized to enhance learning in training sessions.
High-Technology Company

Content:
A high-technology company found itself in a serious turnaround situation. Having been run by an entrepreneur for years, the business had grown but eventually stalled, consuming all remaining financial resources. Employees were relatively unaware of the challenges the company faced. After 18 months in turnaround mode lead by a new CEO, the company was again successful and profitable.

The CEO assembled and realigned a good management team that was committed to improved financial performance and robust product development. The firm was not yet the industry leader. So there was still some room to move ahead and gain market share. After the turnaround, the executive team thought that since the company was now doing okay, perhaps they should not upset their fragile success. On the other hand, the CEO believed that the company could achieve even more with an increased focus on corporate culture. He enlisted the executives’ support in the use of the Denison survey to gain the insights necessary for effective culture development.

Action:
The company’s Denison results were very good, but the potential for improvement in the area of core values were targeted. Executives convened an all-company meeting to share the survey data results and outlined the culture development process that the organization was preparing to launch. This important step was taken in order to create understanding, buy-in and consensus on what next steps would be taken. Those few employees who resisted the need for change were provided with individual coaching so that they could better align themselves with the direction of the company.

A two-day “Leadership Summit” focused on direction setting, strategy and leadership development. Individual executives created plans to roll out at the unit level. A one-day “Value Driven Leadership” training program was attended by all staff members in order to reinforce the message that “how we do business here makes all the difference.” New employees were included in the program as a part of their orientation.

Impact:
Performance assessment and new employee orientation processes were revised to reflect the company’s new approach. 360-degree performance reviews were introduced. Shared, cross-functional goals were created that not only improved organizational and unit communication and performance but also created greater teamwork and alignment.

Culture development elements were added to the annual all-company meeting agenda to ensure that the firm’s cultural evolution remained visible and on track. Revenues, EBITDA and market share all advanced significantly.
European Bank

Content:

In the early 1990s, two Scandinavian banks merged to create a large European bank. Three years in, the benefits of the transaction remained elusive. The three national cultures and the three business lines, retail, asset management and public finance, represented in the bank proved to be thus far insurmountably divisive. Employees identified themselves with one niche segment of the bank and, as such, focus and cohesion in the bank’s activities were lacking. Differing levels of technical competence and profitability and a general absence of inclusivity led to a dysfunctional work environment, if not dire financial performance.

In 2004, the bank appointed a new CEO who went right to work in determining the real source of the problem. The Denison survey was administered to employees that same year with shocking results. The bank’s scores in agreement and coordination & integration in the 1st quartile reflected the reality that everyone knew existed.

Action:

Upon receiving these results, many initiatives were launched to address these shortcomings. Strategy workshops were created to produce a unified workforce that understood where the bank was going and why. All employees were involved in discussions about the future of each business line, so as to promote an appreciation of how one segment’s performance, issues and challenges impact the entire bank. Three core values – ambition, passion, teamwork-- were adopted through these sessions as well.

A program was designed to encourage develop leadership talent through an increased customer focus, an emphasis on crystallizing vision and promoting innovation and the institution of policies supporting cross-functional exchange programs. 360-degree feedback provided the foundation for a performance assessment system that brought the discussions and strategies to a tangible level. Bonuses were linked to adoption of the values, teamwork and strategy important for continued success. Performance ratings now weighed commitment to the bank’s philosophy much more heavily than skill.

Impact:

When the Denison survey was administered again in 2006, much progress was noted in the area of organizational consistency. Coordination & integration seemed to have experienced the most improvement from the work undertaken over the previous two years. The staff benefitted from the newfound efforts at communication via newsletters, a bank intranet and town hall meetings.