



WHITE PAPER EXECUTIVE SUMMARY

“The Best of the Best”

The role of leadership and culture in creating Canada's best organizations

A research report presented to the Conference Board of Canada, November 2003, on nearly 60 leaders and their acclaimed organizations demonstrating the relationship of leadership and organizational culture to high performance



Introduction

“Culture isn’t just one aspect of the game. It is the game.”

- Lou V. Gerstner, Retired Chairman, IBM

You are about to read **highlights** of the first of its kind research on leadership, culture and performance. The joint Canada / US study measures organizational culture's impact on the bottom line revealing that many organizations are "leaving money on the table."

For example, companies with Constructive cultures **increased revenues over an 11-year period** by 682 percent and their net incomes by 756 percent, compared to 166 percent and one percent respectively for those companies with "Defensive" cultures.

Constructive Cultures Deliver		
Percentage increases by category of 207 companies over an eleven year period. Source: Kotter & Heskett: Corporate Culture and Performance ™.		
	Defensive Culture	Constructive Culture
Revenue	166%	682%
Stock Price	74%	901%
Net Income	1%	756%

You'll also learn how highly acclaimed, Canadian organizations achieved success by any measure through culture and what it takes to lead and maintain a culture where promises made are promises kept to all stakeholders: An imperative for leaders who want to bolster the bottom line through organizational excellence.

This research illuminates a path, a **“missing link”** in leadership development and everyday practices that help leaders see powerful, new, alternative ways to lead both themselves and their businesses to make

even greater contributions to all stakeholders. These companies boast astounding stakeholder relationships. **Prosperity is the result!** These are stories of inspiring leaders leading inspired cultures.

For the first time, you will see precisely how you and your organization may achieve similar success, as the research defines a rigorous, quantitative and qualitative path. When this path is supplemented with strategic consulting techniques and the best practices inherent in your current organizational culture – you’re playing with brilliance.

This Executive Summary is sent to enlighten and inspire you. As you read and find yourself intrigued, contact us for the full research report and for more information on how it can impact your organization!



Background

Culture affects every aspect of the organization and, most importantly, has a substantial impact on the company's prosperity and longevity. The Best of the Best was born from this notion and set out to answer such question as: What are the cultures that underpin extraordinary performance? Who must a leader be and what much a leader do to inspire such cultures? Most importantly, how do leadership and culture impact performance?

Ground breaking research, on Canadian and North American CEO's and their businesses, links leadership, and "Constructive" culture to higher earnings, more creativity and overall superior organizational performance.

Methodology

In order to determine which cultural profile was most conducive to success, it was first necessary to **define what a successful firm was for those involved**. Obviously financial results were a key consideration, but it was also important to find companies that exhibited high levels of employee satisfaction, customer loyalty and service quality. The 43 companies chosen as the Best of the Best are mainstays of such critical lists as:

- **Canada's 50 Best Managed Companies**
- **Top 100 Companies to Work for In Canada**
- **50 Best Companies to Work For in Canada**

These award winning firms were then studied using a 3-Phase approach:

Phase 1: CEO Interview

A 60-90 minute personal interview was conducted with each CEO. These sessions focused on topics such as leadership style, personal goals and corporate aspirations.

Phase II: CEO Responses to Organizational Culture Inventory (OCI) Ideal Survey – What the Culture Should Be

Each CEO completed an OCI Ideal questionnaire. The resulting profile conveyed the leader's ideal vision of corporate culture, in terms of the attitudes and behaviors that were essential to achieve and maintain success.

Phase III: Employee Responses to OCI Current Survey – The Actual Culture of the Organization

Employees were selected at random to complete the OCI Current questionnaire. The resulting profile measured the attitudes and behaviors that employees felt they needed to exhibit in order to "fit in" to the organization.

This research lead to valuable insights into how each leader managed their award winning organizations, what cultural profile they deemed ideal for future success, and the current operating culture that was in place. Results were presented to each CEO, giving them the opportunity to see the degree to which their organization exhibited each of the cultural styles.

A composite cultural profile of all 43 award winning firms was also developed. These results were then compared to those of 70 typical North American firms, obtained during an unrelated study conducted over a 3-year period.

Results

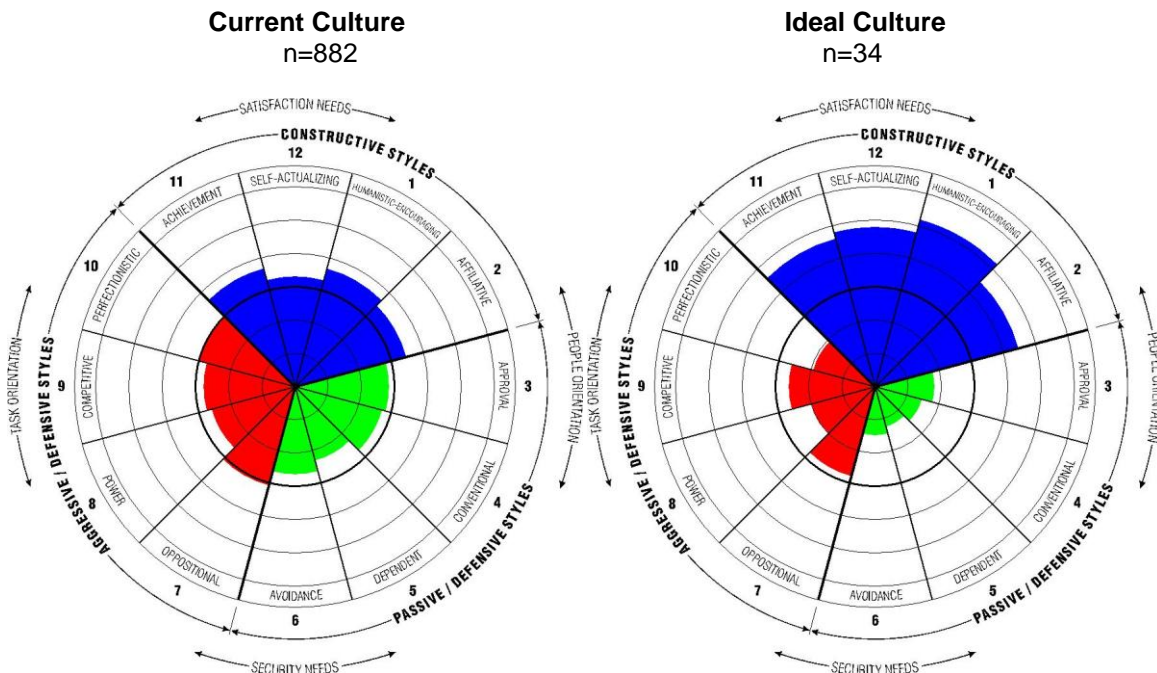
Vision Becomes Reality With Canada's "Best of the Best" Organizations

The Current operating culture profile of the 'Best' organizations approaches the Ideal in that it accentuates achievement, strategic plan accomplishment, individual development and teamwork. Employees are encouraged to be creative, and to welcome responsibility, which, in turn, instills a sense of ownership among employees and results in a high degree of commitment and loyalty.

On the Passive side, the 'Best' organizations downplay tendencies towards conformity and conservatism. Employees do not feel that they must follow the "crowd" in order to fit in and nor do they avoid expressing views contrary to those of leadership. As creativity is encouraged, employees within these cultures accept responsibility and take calculated risks

Similarly, the 'Best' organizations keep in check pressures for aggressive behaviors such as internal competition and confrontation, a focus on flaws (Oppositional), taking charge and demanding loyalty (Power), outperforming one's peers at the expense of the team (Competitive), and striving to attain narrowly defined and unrealistic objectives (Perfectionistic). As indicated by the 'Best's' Ideal Culture Profile, these aggressive behaviors can be functional in moderation; however, in excess they run counter to performance as they become pervasive and dominate an organization's culture.

Vision Becoming Reality



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****Key Findings: Inspiring leaders drive inspired cultures; inspired culture drives prosperity!**

- The more Constructive the culture, the greater the financial results.
- Leadership has the greatest impact on culture – the more Constructive the leadership, the more Constructive the culture.
- Constructive cultures embrace calculated risk, unleashing greater innovation, creativity, collaboration, and productivity.
- Highly Constructive cultures transcend typical organizations to a level that can only be described as “inspiring”.
- Inspiring cultures exhibit the ability to sustain long term success, being both adaptive and transformational.
- One of the common characteristics of inspiring leaders is their consistent acknowledgement of the contribution that their employees make to the organization’s success.

**Best of the Best Report presented to the Conference Board of Canada 2003
A Blend of Strategic Consulting and the Cultural Research tools.

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Synopsis of 3 Case Studies

Challenge #1: At this very moment, an Executive VP requires a culture of innovation to encourage new ideas, new questions and new solutions – leading to a larger market share. An assessment of the Current operating culture reveals a culture of high approval – leading to missed deadlines, reworking old solutions and past successes. The cultural profile also reveals higher than desired scores in competitive and oppositional tendencies.

Process: Alongside the administration of the Ideal and Current Organizational Inventory, the Leadership Impact tool has assessed the leadership team’s impact on the current culture described above. What has been revealed is the presence of strong internal competition amongst the leaders, leading to the current operating culture of high passivity – in other words doing its work 9 to 5 but with a great deal of tension. People working in a passive culture do what they are told, resist innovation and avoid risks. Nothing like what they wanted in their Ideal culture profile.

Challenge #2: The new CIO of a large financial institution was determined to move in an entirely new strategic direction. As changes were being introduced and resistance encountered, an organizational culture of alignment and acceptance was needed.

Process: An organizational alignment project, entitled The Champion Within, was undertaken in the Systems and Technology division. Everyone in this 2500 person technology division took part in this initiative. It started with the senior management team and eventually rolled out to all team members. In the Discovery phase, the current operating culture profile revealed an organization still in shock from recent downsizing and cost containment and unable to support the very aggressive goals for market growth that the Business units were pursuing. Each level in the organization took part in the roll out of the Champion Within process as an intact team. During each session, the culture results were presented prior to each leader receiving either their



Leadership Impact report or each team member self scoring their own Life Styles Inventory. This is done deliberately so that people feel compelled to consider changing their individual attitudes and behaviors in order to create the constructive culture needed to support their strategic plan. The

Group Styles Inventory was then used after a simulation to allow the intact teams to gauge their team effectiveness and to then begin the action planning necessary to align their team performance with the organization's vision.

Results:

- **Creative ideas** flowed.
- The hiring profile for managers changed from a focus on task management only to **a balance of task and people management skills**.
- Other results included a **10% increase in cost savings per annum** and an increase of **33% in on-time project deadlines** and a very successful story in client satisfaction.
- The internal IT department became the **vendor of choice** of the business units who now are less inclined to use outside consulting firms as their technology providers.

Challenge #3: The IT management team in this multinational insurance company was looking for a way to align the culture of their division with a whole new strategic thrust that required a wholesale change of their current technology. This caused a rift in the organization between “veteran staffers” and the newly hired whose newer skill sets were seen as threatening.

Process: “The Leader Within” was implemented as their Organizational Alignment Process and their solution to bridging the growing gulf. Intact teams, starting with the senior managers, were trained in Creating a Leader, Team of Leaders and Leadership Impact. High potential team members were then assigned the role of Continuous Improvement Leaders and, after a train the trainer, they became responsible for the follow up sessions devoted to team goals and objectives.

Results:

- After only two years, the success of the culture change was so significant in terms of **employee engagement and breakthrough collaboration**, that decision to outsource was rescinded.
- Senior management agreed to extend the funding for the high performance culture initiative.

Our Invitation: Full Research Paper

To obtain your copy of this ground breaking research “The Best of the Best” or for more information on how it can impact your organization, we invite you to contact us:

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