2016

Measuring effectiveness of a culture change through a financial model perspective

Robert Lo

MEASURING EFFECTIVENESS OF A CULTURE CHANGE THROUGH A FINANCIAL MODEL PERSPECTIVE

A Research Project

Presented to the Faculty of

The George L. Graziadio

School of Business and Management

Pepperdine University

In Partial Fulfillment

of the Requirements for the Degree

Master of Science

in

Organization Development

---

by

Robert Lo

August 2016

This research project, completed by

ROBERT LO

Under the guidance of the Faculty Committee and approved by its members, has been submitted to and accepted by the faculty of the George L. Graziadio School of Business and Management in partial fulfillment of the requirements for the degree of

MASTER OF SCIENCE

IN ORGANIZATIONAL DEVELOPMENT

Date: August, 2016

____

Committee Chair, Miriam Lacey, Ph.D.

____

Committee Member, Terri Egan, Ph.D.

____

David Smith, Ph. D., Dean
The George L. Graziadio School of
Business and Management

TABLE OF CONTENTS

ABSTRACT

The purpose of this research was to quantify and measure the success of a culture transformation. Using the Organization Cultural Assessment Instrument (OCAI) to determine the current and desired culture state, 272 employees responded to the survey. An executive focus group provided in-depth understanding of the culture and worked to align the culture to the mission and strategy as they drove the change process throughout the organization to the preferred culture state. The study showed that bringing cultural awareness to an organization is important, and that organization design is a key component to successful organizations. The Human Capital Return on Investment (HCROI) was calculated before, during, and after the culture change. Findings concluded that financial measurements aid in gauging the transformation process of a culture change.

Keywords: Culture, Culture Change, Organizational Cultural Assessment Instrument, Human Capital Return on Investment, HCROI, Financial Measurement, Change Management

LIST OF TABLES

LIST OF FIGURES

Chapter 1: Introduction

The United States has undergone centuries of complex changes from technological to socio-economic to political and even religious change. When the Pilgrims (otherwise known as the “Separatists”) first landed in Americas in the 1600s, it was under the auspice of fleeing England to escape “State” dictated worship. The 1700s brought about a great deal of revolt against foreign sovereignty and political changes with the Declaration of Independence from Britain. In the late 1800s to the early 1900s the industrial revolution overwhelmed the United States going from hand production methods to machines, new chemical manufacturing, and iron production processes, improved efficiency of water power, the increasing use of steam power, and the development of machine tools. It also included the change from wood and other bio-fuels to coal. A century later with the advent of electronic technology and the Internet, the way business runs has dramatically changed within organizations. Sourcing models with decentralized control are the next evolutionary stage, enterprise systems (ES) are integrating business processes, information flows, reporting, and data analytics in complex organizations, Millennials are now entering leadership roles, and Cloud computing is reinventing the way business re-thinks sharing of resources to achieve coherence, economies of scale and data disaster recovery. Almost no one dares predict the changes that will occur in the next ten years, but almost everyone assumes that its velocity will increase exponentially (Cameron & Quinn, 2011). Simply stated, change is inevitable and organizations learn to adapt, redirect their strategies, and make the fundamental changes to better align the organizational culture in hopes of improving organizational performance.

The conditions in which organizations operate demand a response without which organizational demise is a frequent result. Of the largest one hundred companies at the beginning of the 1900's, for example, only sixteen are still in existence. Of the firms on Fortune magazine's first list of the five hundred biggest companies, only twenty-nine firms would still be included. During the past decade, 46 percent of the Fortune 500 dropped off the list (Cameron & Quinn, 2011).

Given the increasing complexity of the environment in the twenty-first century, organizational change and development, in response to the evolutionary stages of companies, is pervasive such that the frequency of change is ubiquitous, affecting every sector and every job not just in the United States but around the world. For instance, the top ten in-demand jobs in 2010 did not exist in 2004. This predicates that students today are preparing for jobs that do not exist yet, in order to work with technology that has not been invented and to find solutions to problems that do not exists yet. Therefore, organization performance hinges on human resource management as a function of supply and demand.

To that extent, human capital is not only paramount, but is the largest investment organizations undertake in the procurement of goods and services now and in the future. In any given organization, human capital amounts to 40% -75% of total expense. Organizations that espouse culture change, in order to properly align with strategic initiatives and business goals, rely heavily on the pool of talent to transition and transform into a more successful company. Virtually every leading firm, small or large, has developed a distinctive and strong culture that its employees can clearly identify, and highly successful firms have capitalized on the power that resides in developing and managing a unique corporate culture.   Managers, change agents, and practitioners agree there is plenty of support and desire for measuring organizational performance of human capital management undergoing culture transformation process. From Peter Drucker to Deming, Huselid, and Davenport all have agreed that quantitative measurement is necessary. A measurement system provides a frame of reference that helps management carry out important decisions. With the ample volume of data related to hiring, training and keeping full time equivalent, calculations to compute employee relations and retention programs, leading practices around effectiveness, a financial model can be established for organizational development practitioners to gauge and track the progress of a culture change program.

Research Purpose

The research question guiding this study is: Is there a way to quantify and measure the success of a culture transformation?

The purpose of this thesis is to assess the ROI of a culture change.

Significance of Study

A large body of work has been written in the field of changing organizational culture and tools created to evaluate human resources management. Taking advantage of these two facets, a financial instrument can be developed to measure the strength or weakness of OD intervention in a culture change. Measurement plays a central role in the system; it does more than simply evaluate performance. A measurement system provides a frame of reference that helps management communicate performance expectations, see, feel, and understand outcomes, compare to standards and benchmarks, identify performance gaps, and support resource allocation decisions (Fitz-enz, 2002).

Background and History

The company used in this study is a privately held Entertainment Media and Communication company and will be referred to as ACME Media. Founded in 1981 as an entertainment publisher and headquartered in Chicago, Illinois, ACME Media is the world's leading sports technology, data, and content company with operations and sports coverage on every continent (except Antarctica). By providing next-generation sports technology, data and content delivered to meet the evolving needs of the Media, Broadcast, Leagues & Teams, and players as well as major B2B and B2C, this organization focuses on driving innovation organically and inorganically means such that the customers are always at the forefront of end-user engagement and loyalty using proprietary products in a variety of contexts. This company maintains relationships with many major sports leagues across the globe, allowing it to supply premium products, such as Data Collection and Distribution, Research, Visualizations, Performance consulting, and Customizable Turnkey Solutions.

Since his appointment in 2015, the CEO has been ushering in a reformation of change to the organization of 500 employees. The company has grown and expanded into different regions, such as Mexico in 2000, United Kingdom in 2005, Europe in 2007, Middle East in 2008, and South America in 2013. In the midst of their growth, ACME Media started to lose clarity about their vision as well as the ability to execute on their mission, and the previous CEO's philosophy created polarity within the company culture.

ACME Media is at a turning point, facing the paradox of an espoused Adhocracy driven culture while aligning the leadership style to pull in the direction of Hierarchy. As ACME Media works to achieve this goal, the company must face the challenges of undergoing cultural changes. These changes will be measured by its financial success to achieve this goal in the form of ROI.

Outline of Thesis

This introductory chapter highlights the changes in the US workplace within the past two centuries, outlines the purpose and the significance of this study, and discusses the background as well as the history of the organization being researched. Chapter 2 reviews the existing literature and relevant research regarding culture and the impact on behavior, high performing teams, and financial measurements. Chapter 3 outlines the methods, design, measurements used, and analysis for this research study. Chapter 4 reports the research findings and results. Chapter 5 concludes this study by discussing the findings, limitations, and recommendations.

Chapter 2: Review of Literature

Chapter 2 discusses the literature that supports the research question: Is there a way to quantify and measure the success of a culture change? The chapter summarizes the definition and existing literature of culture, the impact culture has on an organization, and the various frameworks of culture. It also reviews literature about the deterrents as well as the drivers of high performing teams and how culture impacts behavior. Lastly, the chapter examines the financial implication as a function of high performing teams, measuring the return on investment (ROI), specifically Human Capital, during an organizational development (OD) intervention, and more specifically a culture change.

Culture Defined

There are many definitions of culture. Culture, as defined by Merriam-Webster's Collegiate Dictionary (2015), is thought of as the customary beliefs, social forms, and material traits of a racial, religious, or social group. Sathe (1983) describes one view of culture preferred by the "cultural adaptationist" school in anthropology, is based on what is directly observable about the members of a community—that is, their patterns of behavior, speech, and use of material objects. Another view, favored by the "ideational school," looks at what is shared in community members' minds (Sathe, Vijay, 1983). Today, culture in the modern corporate world is “the set of shared attitudes, values, goals, and practices that characterizes an institution or organization” (Merriam-Webster's Collegiate Dictionary, 2015).

Schein (1985) provides a definition of culture and uses it as an organizing framework. Culture is:

> a pattern of basic assumptions —invented, discovered, or developed by a given group as it learns to cope with 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. (p. 9)

Hofstede (2015), on the other hand, has defined culture as "the collective programming of the mind distinguishing the members of one group or category of people from another" (para. 2). The "category" can refer to nations, regions within or across nations, ethnicities, religions, occupations, organizations, or the genders.

A simpler definition by Hofstede (2015) is “the unwritten rules of the social game” (para. 2). Others (Kotter & Heskett, 1992) see organizational culture as a two-level process, which differ in terms of its visibility and its resistance to change. At the less visible level, organizational culture refers to values that are shared by the people in a group. These values tend to persist over time despite changes in the group membership. For example, the notion of what is important in life can vary in different organizations. In some settings, people may care deeply about money, in others about technological innovations or employee wellbeing. Culture at this level is very difficult to change, partly because group members are often unaware of many of the values that bind them together. At the more visible level, organizational culture represents the behavior patterns or style of an organization that persist because new employees are automatically encouraged to adopt them by their fellow employees. Those that fit in are rewarded and those that do not are sanctioned (Nwugwo, 2001).

Culture includes the organization's vision, values, norms, systems, symbols, language, assumptions, beliefs, and habits. Each culture holds us to a set of beliefs and values. Beliefs are basic assumptions about the world and how it works. Because many facets of physical and social reality are difficult or impossible to experience personally or to verify, people rely on others they identify with and trust to help them decide what to believe and what not to believe. Like beliefs, values are also basic assumptions, but ones with an *ought* to implicit in them (Sathe, 1983). When various cultures are in sync with one another, the world is copacetic because the rules which organizations live by are aligned; the relationships are amiable and the organizations are able to exist in the intermingling circles without acrimony. To put it simply, successful companies have developed something special that supersedes corporate strategy, market presence, and technological advantages. Although strategy, market presence, and technology are important, highly successful firms have benefited from the power of developing and managing a unique corporate culture. This phenomenon creates social order, continuity, collective identity and commitment, and elucidates a vision for the future (Cameron & Quinn, 2011).

Culture's Impact on an Organization

Culture can affect business outcomes in a number of ways, both positively and negatively. For instance, cultures that are not aligned with corporate strategy can lead to decreased loyalty, a lack of motivation, and high employee turnover (GE Capital, 2012). Dysfunctional organizations with dysfunctional cultures can also exhibit markedly lower effectiveness, efficiency, and performance than their peers or in comparison to societal standards (Balthazard, Cook, & Potter, 2006). Healthy cultures, however, impart pride and a sense of purpose to employees, leading to increased productivity and a greater understanding of corporate goals, as with the employee at the car manufacturing plant (GE Capital, 2012).

A good example of how culture can influence an organization and performance is to take a look at Apple and Pixar. Apple and Pixar have dominated their markets and achieved outcomes no one could have dreamed of less than twenty years ago. The major distinguishing feature in these companies' success and competitive advantage is their organizational culture. In other words, it had less to do with market forces than with company values, less to do with competitive positioning than with personal beliefs, and less to do with resource advantages than with the vision (Cameron & Quinn, 2011).

An organization that adopts a dysfunctional culture can also exhibit negative performance. Take for example the Columbia space shuttle accident. It was found that people inside NASA were discussing critical information with each other but not with senior decision makers. This life-saving knowledge might have saved the spaceship and its crew. NASA's organizational culture, routines and systems are designed to allow for a process of normalizing signals of potential danger (Balthazard, Cook, & Potter, 2006). Thus, known technical problems become an operating norm and did not prevent NASA managers from giving the go-ahead to proceed with problematic operations (Vaughn, 1996).

Models of Culture

Schein (1992), Deal and Kennedy (1982), and Kotter (1996) advanced the idea that organizations often have differing cultures as well as subcultures. According to Schein (1992), culture is the most difficult organizational attribute to change, outlasting organizational products, services, founders, leadership, and all other physical attributes of the organization. His organizational model illuminates culture from the standpoint of the observer, described at three levels: artifacts, espoused values and basic underlying assumptions. Using Schein's model, understanding paradoxical organizational behaviors becomes more apparent. For example, organizational rewards can imply one organizational norm but at the deepest level imply something completely different (Schein, 2006). For example, promotion may be a standard in one particular company based on merit and performance, while, in another company, it could be based on favoritism towards friends or relatives.

Similarly in their classic 1982 book, *Corporate Cultures: The Rites and Rituals of Corporate Life*, Deal and Kennedy proposed one of the first models of organizational culture. They focused on six cultural elements, which included history, values and beliefs, rituals and ceremonies, stories, heroic figures, and the cultural network. Deal and Kennedy also examined the six cultural elements across a variety of organizations, and identified four distinct types of cultures, Tough-Guy Macho, Work Hard/Play Hard, Bet-Your-Company, and Process. These four culture types are based on two marketplace factors, the speed at which companies learn whether their actions and strategies are successful, and the degree of risk associated with a company's key activities (Deal & Kennedy, 1982).

John Kotter, on the other hand, focused his efforts on implementing how to do change by introducing his eight-step change process in the 1995 book, *Leading Change*. Unlike Deal and Kennedy's four quadrant model to describe culture archetypes, Kotter stressed the need to create a sense of urgency, recruit powerful change leaders, build a vision and effectively communicate it, remove obstacles, create quick wins, and build on the existing momentum. The thread that sows all three models together is the organization's underlying beliefs and value.

Hofstede's (1980) cultural dimensions theory utilizes global cultural statistics to categorize national culture into five dimensions, consisting of power/distance, individualism, masculinity, uncertainty/avoidance index, and long term orientation. He looked for differences between 160,000 plus IBM employees in 50 different countries and three regions of the world, in an attempt to find aspects of national culture that might influence business behavior, distilling it down to five dimensions. While the overall findings of Hofstede's research are relevant to today's cross-cultural studies, and the rigor is possibly untempered even today, major constraints exist with Hofstede's research. Substantial questions have arisen in this analysis as to the reliability and validity of Hofstede's methodology and instrumentation (Orr & Häuser, 2008).

Given the implicit and explicit challenges related to the various cultural models, Quinn and Cameron (2011) devised a way to assess the current organizational culture as well as the preferred situation, such that the gap and direction to change can be made visible as a first step to changing organizational culture. Resultant of organization effectiveness research, the Organizational Culture Assessment Instrument (OCAI) is based on the Competing Value Framework. This theoretical model is a frequently used framework for assessing organizational culture. Approximately 100,000 respondents exist in the data set, and particular industry culture profiles have been included in case readers' desire to compare their own organization's culture profile to an industry average. It is composed of two dimensions as described below (Cameron & Quinn, 2011).

The first dimension differentiates effectiveness criteria that emphasize stability, order, and control. For example, some organizations are viewed as effective if they are changing, adaptable, and organic; neither the product mix nor the organizational form stays in place very long at firms such as Google or Nike. Other organizations are viewed effective if they are stable, predictable, and mechanistic, as are universities, government agencies, and conglomerates, such as Boeing, which are characterized by longevity and staying power in both design and outputs. The continuum ranges from organizational versatility and pliability on one end to organizational steadiness and durability on the other end.

The second dimension differentiates effectiveness criteria that emphasize an internal orientation, integration and unity from criteria that stresses an external orientation, differentiation, and rivalry. That is some organizations are viewed as effective if they foster harmonious internal characteristics, such as IBM and Hewlett-Packard, which have traditionally been recognized for a consistent "IBM way" or "H-P way." Others are judged to be effective if they are focused on interacting or competing with others outside their boundaries. As a way of example, Toyota and Honda are known for their "thinking globally but acting locally." The continuum ranges from organizational cohesion and harmony on the one end to organizational separation and independence on the other.

While many similarities between Cameron and Quinn and Deal and Kennedy can be found, there are also differences. Both models, for example, have six cultural elements. With Deal and Kennedy, the components are history, values and beliefs, rituals and ceremonies, stories, heroic figures, and cultural network. The six characteristics of corporate culture in the framework developed by Cameron and Quinn are dominant characteristics, organizational leadership, management of employees, organization glue, strategic emphases, and criteria of success. Where they differ, is in the model itself. Deal and Kennedy focus on what kinds of decisions have to be made; whether decisions are high stakes or low risk and the speed in which the decision-maker knows if the decision was right or wrong. Cameron and Quinn introduce the element of cultural evolution and focus on the values held dear by the organization: flexibility, stability, differentiation, or integration. Together these two dimensions form four quadrants, each representing a distinct set of organizational effectiveness indicators. In essence, the four quadrants make up the four distinct cultures of Clan (Collaborate), Adhocracy (Create), Hierarchy (Control) and Market (Compete). Each type of culture has specific values related to leadership, effectiveness, and organizational theory, as shown in Figure 1 (Cameron & Quinn, 2011).

Culture Type: Clan **Orientation**: Collaborative **Leader Type**: Facilitator Mentor Team Builder **Value Driver**: Commitment Communication Development **Theory of Effectiveness**: Human development And participation produce effectiveness	**Culture Type**: Adhocracy **Orientation**: Creative **Leader Type**: Innovative Entrepreneur Visionary **Value Driver**: Innovative outputs Transformation Agility **Theory of Effectiveness**: Innovative vision, and new resources produce effectiveness
Culture Type: Hierarchy **Orientation**: Controlling **Leader Type**: Coordinator Monitor Organizer **Value Driver**: Effectiveness Timeliness Consistency and Uniformity **Theory of Effectiveness**: Control efficiency With capable processes produce effectiveness	(continues) **Culture Type**: Market **Orientation**: Competing **Leader Type**: Hard driver Competitor Produce **Value Driver**: Market share Goal achievement Profitability **Theory of Effectiveness**: Aggressively competing Customer focus produce effectiveness

Figure 1

The Competing Values of Leadership, Effectiveness, and Organization Theory

A high performing culture has a pattern of shared, basic assumptions that the group learned as it solved problems of external adaptation and internal integration, and 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 (Kaliprasad, 2006). Today, most organizations try to survive in this new economy by placing their faith in strategy and brand and innovation. Time and again, even the best plans fall short of their potential and the companies end up where they began, discovering that in the majority of these cases it is not the strategy that went wrong, but they found rather, success or failure is a result of organizational culture (Coffman & Sorensen, 2013).

Identifying Deterrents to Sustaining High Performance

As viewed by Coffman and Sorensen (2013), CEOs are better at developing strategy than creating culture. Commonly they lack much of the basic knowledge and skills required to diagnose or change cultures to support new strategies. Often it seems they do too little to contribute to the behavior in the culture, such as improving communication, cooperation, commitment, decision making, and implementation, or taking on too much, like working on mergers and acquisitions, competing for market share, or expanding the business (Coffman & Sorensen, 2013). Instead, success comes from targeting the few new and critical behaviors people in the organization need to learn to support the new strategy (Katzenbach, Steffen, & Kronley, 2012). Therefore, Human Resource (HR) heads are often asked to lead the efforts to change behaviors, paving the way for the new strategy to take hold.

The culture of an organization is created when the founders of the organizations make decisions and take action based on their personal views of the world. Depending on the success of these actions, and the continuation of success applying these actions, a culture embodying these predictable patterns is formed over time, engendering organizational culture. The lack of the knowledge and skills by the CEO and the executive leaders to understand and diagnose organizational culture can be a deterrent for the organization if the strategy is not aligned to the culture. This in turn can impact the success of high performing teams to deliver quality products and services.

It is often said an organization's long term success depends on the ability of that organization to sustain the delivery of quality products and services (Kaliprasad, 2006). However, Kaliprasad points out that the ability to sustain high performance is a learnable competence unless the following deterrents are present:

1. The senior management of an organization could have an inaccurate understanding of the marketplace in which the organization is to compete. Should this be the case, undoubtedly, the vision, mission, and strategies of the organization are also inappropriate.
2. The behavior required to successfully implement the business strategy could be misaligned with the customer and marketplace requirements. This is usually true for leadership or employee behavior.
3. Organizational systems and processes often fail to support the organizational vision and strategy. As a result thereof, the focus of organizations is incorrect in that the wrong things are being focused on and measured (Kaliprasad, 2006).

Culture Affects Behavior

From an evolutionary perspective, organizations have developed ways of controlling behavior to maintain a balance in an open system, even when homeostasis may be less than optimal for the organization’s success. Some of the ways organizations do this are through the formal and informal cultures that are in place. Every organization has a culture that sets the rules for employee behavior. Culture is the style or behavior patterns employees use to guide their actions (Cohen, 1993), which differ across organizations. For instance, performing the same job for Wal-Mart is different from performing it for Sears, as is performing it for Microsoft compared to IBM, General Electric to Boeing, Dell to Sony, and so forth (Nwugwo, 2001).

To take a closer look at how culture affects behavior, it is worth noting that communication is the fundamental basis for all organizations. Research shows that communications are not only more memorable but also more believable and credible if more implicit forms are used, such as the telling of stories and anecdotes from company history or individual experience to make a point. Therefore, the beliefs and values about what to communicate, and how to communicate, how much and how open, are crucial.

Communication is impacted by culture, and in large measure, determined by it. Miscommunication, for example, is common in organizations and in everyday life. Even face-to-face communication may be misinterpreted. Communication problems become more complex when one organization member tries to communicate with someone in a different organizational unit or location (Sathe, 1983). Sathe (1983) also points out in some organizations the culture values open communications (bad news is bad, but withholding it is worse). In others, it does not. Withholding of information beyond that specifically asked for, clandestine, and outright distortion may prevail. Assuming that communications are interpreted as intended, hopefully, the members of the organization will act as intended by the communication, and therefore, fostering cooperation.

Cooperation and decision making can also be impacted by culture. These two types of behaviors can have positive effect when supported by employees who act with positive intent, goodwill, and mutual trust. The degree of true cooperation is influenced by the shared beliefs and values in these areas (Sathe, 1983). Employees must feel a sense of commitment to an organization's objectives. When they identify with those objectives and experience some emotional attachment then they automatically evaluate alternatives in terms of their impact on the organization. Culture affects the decision-making process because shared beliefs and values give employees a consistent set of basic assumptions and preferences. This leads to a more efficient decision-making process, because there are fewer disagreements about which premises should prevail. All that is implied is that there are fewer areas of disagreement in a stronger culture because of the greater sharing of beliefs and values, and that this is efficient for a high performing team (Sathe, 1983).

Efficiency is achieved when something is done with a minimum expenditure of redundancy, waste or resources, such as time, money, headcount, and so forth. Culture is an asset when the shared beliefs and values are in keeping with the needs of the organization, its members, and its other constituencies. If culture guides behavior in appropriate ways, there is a high level efficiency, which is exemplified in high performing teams.

Drivers of High Performance Team

Over the past several decades, Dyer, Dyer, and Dyer (2007) have researched team performance. They concluded that four factors must be understood and managed for teams to achieve superior performance: the context of the team, the composition of the team, the competencies of the team and the change management skill of the team.

Context refers to the type of team needed and the culture, structure, and systems that support the teamwork. High performing teams manage context effectively by establishing measureable team performance goals that are clear and compelling. This will help ensure that team members understand that effective teamwork is critical to meeting those goals, establishing rewards systems that reward team performance, eliminating roadblocks to teamwork that formal structures might create, and establishing an organizational culture that supports teamwork-oriented processes and behaviors. This will also assist in creating information systems to provide the team with needed information to make decisions and establishing human resource systems to provide training, team member selection methods and so to support teamwork.

Composition refers to the make-up of team member skills, experience, and motivation as well team size. High performing teams effectively manage team composition by establishing processes to select individuals for the team who are both skilled and motivated. High performing teams also establish processes that develop the technical and interpersonal skills of team members as well as their commitment to achieving team goals, cutting loose individuals who lack skills and motivation. In addition, they manage the team according to the skills and motivation of the team members and ensuring that team is right size.

Competencies refer to the team's ability to solve problems, communicate, make decisions, manage conflicts, et cetera. High performing teams have developed processes that allow the team to clearly articulate their goals and metrics for achieving those goals, clearly articulate the means required to achieve the goals so each member understands their assignments and their work contributes to team goals, make effective decisions, effectively communicate, build trust and commitment to the team and the goals, resolve disputes and disagreements, and encourage risk taking and innovation.

Change is the team's ability to monitor its performance and make changes as needed. High performing teams have developed the ability change by establishing team-building processes that result in the regular evaluation of team context, team composition, and team competencies with the explicit objective of initiating needed changes in order to better achieve the desired team goals and establishing a philosophy among team members that regular change is necessary in order to meet the demands of a constantly changing world (Dyer, Dyer, & Dyer, 2013).

High Performance Culture Has Financial Implications

Culture can be thought of as both an asset and a liability (Sathe, 1983). Sathe's view is that when an organization invests heavily in shared beliefs and values, there is a higher level of cooperation, ease of communication, and stronger level of commitment; allowing for efficiency to take place. How does efficiency impact an organization? Efficiency is achieved when something is done with a minimum expenditure of resources, such as human capital, time, money, and so forth. Conversely, culture is a liability when the shared beliefs and values are not in keeping with the needs of the organization, its members, and its other constituencies. (Sathe, 1983)

Having a high performance culture has financial implications (Kaliprasad, 2006). Table 1 illustrates key findings from a study comparing the financial success of organizations exhibiting high performing cultures versus the rest of the organizations that did not exhibit high performing culture. Kaliprasad's study showed non-high performers increased net income by 1% over an 11-year period, compared to the 756% improvement in net income for organizations identified as having high-performing cultures. The importance of establishing a culture of business excellence is also discussed as is the dynamics of striving beyond business excellence (Kaliprasad, 2006). Some examples of business excellence are: it is marked by better practices as when teamwork is apparent and creative thinking is encouraged throughout the organization, the CEO and senior executives support the business excellence concept, open communication is practiced with freedom to voice opinions, share ideas, and make decisions, appropriate discipline is exhibited by all employees, and so forth.

Table 1

Corporate Culture's Impact on Long-term Economic Performance

	High-Performing Cultures	The Rest
Revenue	+682%	+166%
Workforce expansion	+282%	+36%
Stock-price growth	+901%	+74%
Net income	+756%	+1%

(Source: Kaliprasad, 2006)

From the financial results shown in Table 1, it is clear in this study that high performing cultures outpaced the rest by expanding more than eight times. When it comes to financial health and metrics, revenue for a high performing culture is fourfold greater and stock-price growth rate exceeded the rest by a multiple of 12. These financial results suggest that organization culture is associated with performance. For example, Bank of America and Merrill Lynch recognize these results and the payoffs associated with high-performing teams, including significantly higher ROI, greater productivity and higher retention rates of key employees. A high-performance team can dispatch a routine task faster than assembling an ad hoc team to deal with the same task, and the ROI of a high-performance team is anywhere from 10 to 100 times that of lower-performing teams. Surgical teams save more lives. Product teams produce higher-quality output with less failure work. Customer-service teams have dramatically higher client satisfaction and retention rates. There are numerous other examples (Bank of America & Merrill Lynch, 2012).

Kaliprasad (2006) claims that establishing a high-performance culture in any organization can also be equated to establishing a culture of excellence within that organization. As demonstrated in Table 1, a high performance culture is relevant for an organization's success. Aspects of business excellence and the dynamics enabling an organization to go beyond excellence are equally important. Kaliprasad (2006) identifies the characteristics of how high performing organizations obtain business excellence at an organizational level, process level, and as a philosophy throughout the enterprise. For instance, at the organization level, the concept of teamwork is apparent throughout the organization. The workforce comprises high performing and dedicated individuals who believe in continuous improvement, thus setting higher goals once the initial goals are met. The CEO, president, and senior management communicate and support the concept of business excellence. At the process level, whether internal as well as external, outstanding service is provided. Creative thinking is encouraged throughout the organization to achieve a sense of excellence. Open communication is practiced with the freedom to voice opinions, share ideas, and make decisions. A simple and consistent system of checks and balances, guidelines, principles, performance standards, and appraisals exists. Lastly, the overarching philosophy of the enterprise system gives rise to excellence whereby appropriate discipline is exhibited by all employees of the organization and on-going education is encouraged. And finally, bureaucracy, while not completely eliminated, ways and means are continuously being sought to reduce the unnecessary red tape (Kaliprasad, 2006).

The power of culture change can have profound financial implications as illustrated in the case study of General Motors in the 1950s (Cameron & Quinn, 2011). The corporation decided to take on the challenge of "Sunbelt strategy" whereby plants were built for the southern and western states, which were heavily laden with union workers, specifically United Auto Workers (UAW), which later proved to be hostile and conflict ridden plants for GM. The Fremont plant, which is located in California, was particularly troublesome. This plant is where Chevrolet Nova was assembled. By 1982, the plant had been operating at such low levels that absentee average 20% per year, and about 5,000 grievances filed each year by employees at the plant, totaling 21 formally filed grievances each working day. Three or four times each year employees would walk off the job and the costs of assembling a car were 30% above GM's Japanese competitors. Ultimately, the cost of simply keeping the plant running was overly burdensome and management had nothing but grief from the group of employees (Cameron & Quinn, 2011).

Then GM decided to do something unconventional; the organization engaged Toyota to help design and build a car together. Toyota accepted the offer and established a firm footing in the US soil. GM offered the use of Fremont facility with the stipulation that UAW workers had to be hired first and would come back on the basis of seniority. The most recalcitrant employees were given an opportunity to receive their jobs first, and Toyota accepted the challenge (Cameron & Quinn, 2011).

Approximately a year and a half after being shut down due to bankruptcy issues, Toyota renamed the Fremont plant to NUMMI, reopened the plant, and replaced the Chevy Nova with the Geo Prism. Surprisingly, quality and customer satisfaction were the highest in the corporation. Before the plant closure, there were 5,000 employees in total, 20% absentee per year, 2,000 unresolved grievances, 3 to 4 walkouts and 30% assembly cost per car above the Japanese. After the opening of GM NUMMI, there were only 2,500 employees, 2% absentee, zero unresolved grievances, two total annual grievances, zero walkouts, and the assembly cost per car was the same as the Japanese. The key change was that employees had adopted a different way of thinking about the company and their role in it due to the culture created by the owners. The Japanese, for example, printed out business cards with job titles for every employee. This translated to higher level of productivity, quality, efficiency, and morale followed directly with the change in the firm's culture (Cameron & Quinn, 2011).

General Motors announced on June 29, 2009, that the company would discontinue the joint venture with Toyota. The announcement was made following GM CEO Fritz Henderson announcing in April that General Motors would discontinue the Pontiac Vibe production at NUMMI. The two automakers were in discussions but could not find a suitable product to be produced at the factory. After extensive analysis, GM and Toyota could not reach an agreement on a future product plan that made sense for all parties. California's last automobile manufacturing plant saw its last car, a Corolla, roll off the assembly line on April 1, 2010. For nearly 26 years, the joint venture operated successfully. GM saw the joint venture as an opportunity to learn about lean manufacturing from the Japanese company, while Toyota gained its first manufacturing base in North America and a chance to implement its production system in an American labor environment.

Measuring Human Resources Management

Human resources are commonly referred to as the most valuable assets in an organization (Lynn, 2000). It is important to understand the return on investment as it relates to investing in human capital, especially during a transformation process. Once an organization understands this point and starts to measure what it has, then it can quickly see what is missing and immediately work on enterprise wide or human resource initiatives, allowing organizations to prioritize and decide which interventions to support and which to eliminate in order to reach the company goals (Cameron & Quinn, 2011).

Historically, there has been a lack of information available, or perhaps a lack of desire, to calculate costs and benefits for soft skill application. Fortunately, today there are numerous resources that document the missing elements that offer a new perspective in financial modeling for calculating return on investment (ROI) for compensation, benefits, recruiting, candidate selection, employee training, performance management, coaching, and succession plan.

Quantitative data are a part of every organizational operation. Measurements play a central role that goes beyond simply evaluating performance (Fitz-enz, 2002). A measurement system provides a frame of reference that helps carry out several important responsibilities, such as communicating performance expectations. By discussing more objectives and defining quantitative terms, this leaves less room for ambiguity. When objectives are set forth cost, time, quality, quantity, and customers' affection, people understand what is expected of them. Measurements systems also allow members to see, feel, and understand the outcomes, which can motivate and foster creativity. Typically, the staff responds by meeting or exceeding objectives, but hard data make it clear what and how much happened. This then gives rise to standards in which to compare or benchmark. It is impossible to accept mediocre performance is acceptable when performance gaps are in view. So knowing what improvements need to take place and how far ahead or behind the goals can organizations pace themselves according to the market. Once quantitative data are available, decisions to meet the demands of these improvements rely on how resource will be allocated. The data differentiate task for the staff according to higher and lower priorities. Scarce resources can be dedicated to the most important issues and to the areas for the best return on investment. Once goals are met successfully, it is time to recognize and reward teams for their high performance. Thus, qualitative evidence of performance gives the company a chance to show appreciation for excellent work (Fitz-enz, 2002).

In addition, Ulrich (2005) has focused his attention on a new human resource ROI, which is a return on intangibles. Intangibles represent the hidden value of a firm and are becoming an increasingly important portion of a firm's total market capitalization. The emerging focus on intangibles opens the way for HR professionals to more readily link their work to shareholder value.

Calculating the ROI during OD Interventions

According to Kurt Lewin, there are many factors that influence people to change, and the three stages needed to make change successful are Unfreeze, Change, Freeze (Levasseur, 2001). The Unfreezing stage can be one of the more important stages to understand in the world of change. This stage is about getting ready to change. It involves getting to a point of understanding that change is necessary and getting ready to move away from the current comfort zone. The approach for measuring the success of culture change is to take a ROI snapshot, more specifically a Human Capital return on Investment (HCROI), of the current state of the environment prior to the Unfreezing stage. Once the Unfreezing occurs, the researcher performs the various interventions compulsory to a culture change. In this case, change is not an event, but rather a process. Lewin called that process a transition. Transition is the inner movement or journey made in reaction to a change. When the change has taken place, reinforcing the change and ensuring that the desired change is accepted and maintained into the future, then the environment can undergo the Freezing phase. The second HCROI snapshot is taken again to see if it has increased or decreased compared to the first measurement, determining the success or shortcomings of the culture change. Intermittently, HCROI snapshots can be taken during the change process to gauge the performance of the intervention or the culture change program (see Figure 2).

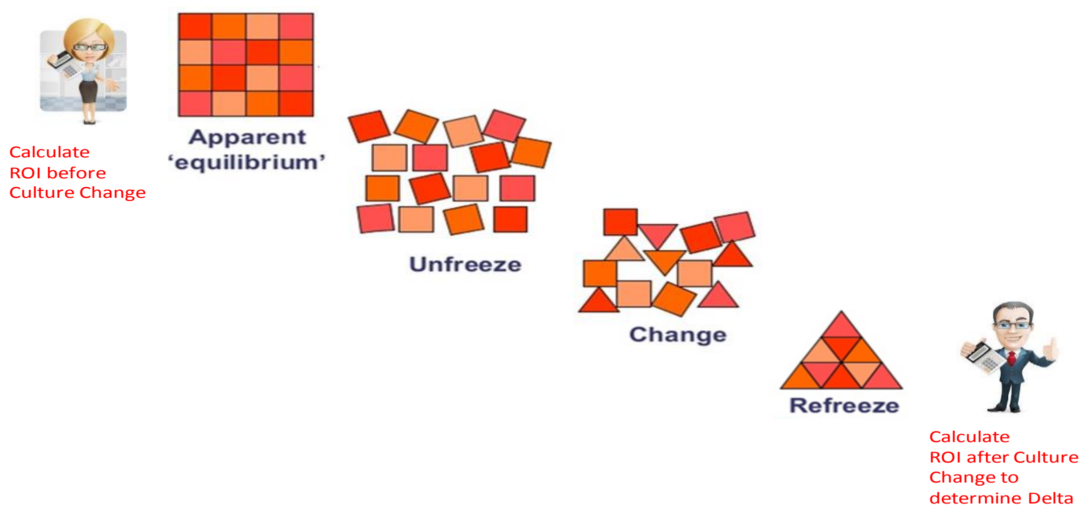


Figure 2

Unfreeze, Change, and Freeze Phases of Organizational Change

The Organizational Culture Assessment Instrument was used to determine the current perceptions of their organizational cultures and identify the types of culture leaders want to create to increase organizational effectiveness in a turbulent environment. The instrument is also helpful in determining employee preferences in regards to work cultures and starting the dialog on how a preferred culture might be implemented (Kaarst-Brown, Nicholson, von Dran, & Stanton, 2004). The OCAI is a means to prepare organizational members for the stresses and opportunities that arise from implementation of change and provide them with a voice in selecting the preferred futures.

In a case study, The OCAI was used with a new leader and his team in an academic setting in North America. The leader, a Vice President of Academics at a publicly-funded college, agreed to conduct the OCAI with his team at the beginning of his term and again near the end of his first year (Suderman, 2012). The initial survey results revealed an overall desire to make considerable changes from the current culture (blue line vs. red line). What was remarkable was how congruent the preferred future of the new leader (green line) and his team (red line) were, despite not having worked together yet (see Figure 3).

A post assessment was conducted in April 2012, revealing there were still gaps between current and preferred cultures though they were less significant than a year earlier. Primarily, hierarchy culture was still more predominant than both the team and the leader wanted to achieve (see Figure 4).

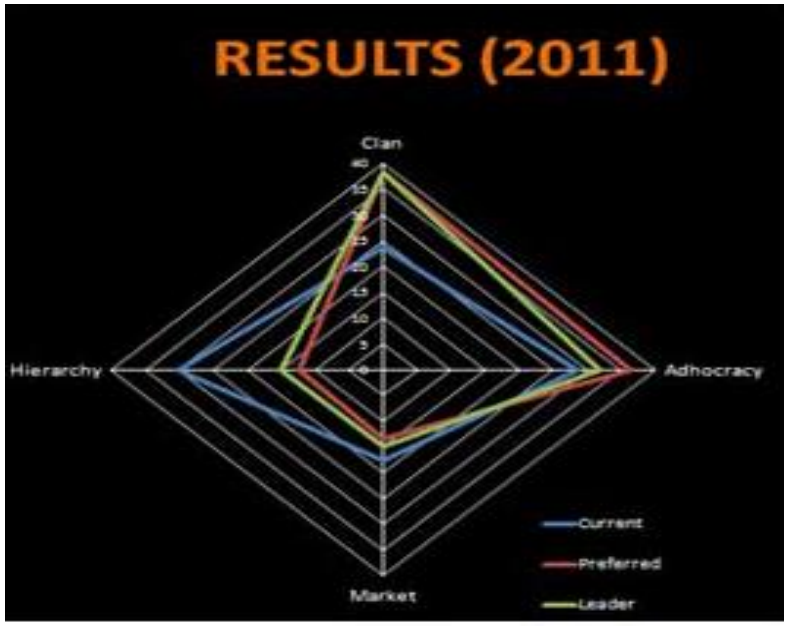


Figure 3

OCAI Results for a North American Publicly-Funded College

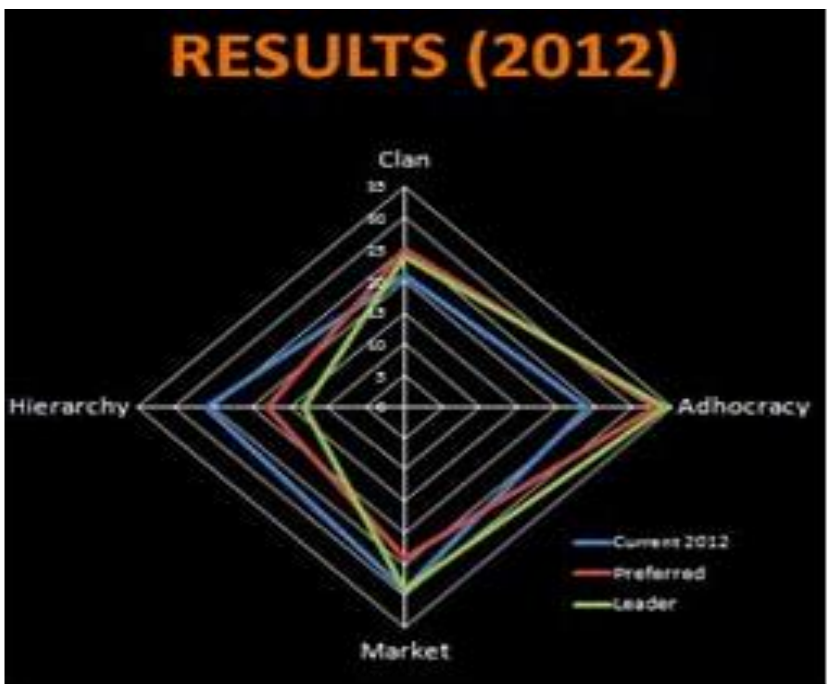


Figure 4

Post Assessment OCAI Results for a North America Publicly-Funded College

In the case study above, a ROI of Human Capital would be measured before the Unfreezing of the environment. Recommendations for culture change, such as culture improvement and engagement, vision clarity, process improvement, organizational design/structure, performance management, leadership development, succession planning, training, etc., would be presented during the Unfreezing phase. The organization would then implement changes to their culture by holding off-sites to clarify the vision, mission, strategy between the current and desired culture through an engaging and participatory design. Other cultural changes can involve developing and implementing a succession process using a 9-box framework that integrates leadership development with promotion and growth paths. In effort to generate high performing teams, the organization creates cross-functional process teams to develop new processes that can be utilized enterprise wide for improved effectiveness. After the implementation has taken place, a second HCROI would be measured.

The Human Capital ROI arguably offers the greatest long term value in an organization (Fitz-enz, 2001). Because companies spend so much of their budgeted dollars on OD and HR initiatives, it is a prudent practice to measure the nominal value and a valuable asset to calculate return on investment. One of the reasons that ROI can be particularly difficult to calculate is the different organizational influencers that impact an initiative. These influencers are implicitly and/or explicitly impacting time, quality, and money, but are not hard dollars and therefore are difficult to put into a basic equation of: output / input equals productivity (output/input = value). The problem can be as simple as a math equation.

For example, the cost (input: one side of the equation) is a different unit of measurement than what is often seen as the outcomes (e.g., satisfaction, commitment, retention, etc.). It is expect that if the input is in dollars, that the outcome will also be in dollars; however that is not always the case with OD/HR initiatives. In this case, it is not comparing like units (e.g. dollars to success metrics, rather than dollars to dollars). So then, it is important to understand and measure the impact/ influencer variable to ultimately see an outcome that can be expressed as a dollar value.

The approach to calculate HCROI takes place in three steps: First, determine the gross revenue for the organization. Second, calculate the operating cost as well as the costs related to total compensation and benefits. Third, calculate the return for that impact/ change initiative (return on investment) (Fitz-enz, 2009).

To calculate HCROI, the benefit (return) of an investment less the human capital cost of the investment is then divided by the cost of the investment; the result is expressed as a percentage or a ratio. For example, if for the month of January the total employee compensation cost came up to be $300,000 and the employee benefits equaled $200,000 then the total capital cost $500,000. Now if the total revenue is $1M and the operating cost is $600,000, less $500,000 for human capital cost, the total benefit is $900,000. The return on investment is $1.80 ($900,000/$1,000,000). The human capital cost are the key expenses attributed to recruiting cost, selection process, compensation, benefits, training, and employee relations that will collected by its lowest component possible as seen in Appendix A.

An important note to discuss along with HCROI is revenue per employee, which has been another traditional HR metric. This ratio is most useful when comparing it against other companies in the same industry. Ideally, a company wants the highest revenue per employee possible, because it indicates higher productivity and effective use of the firm's resources. Today, profitability per FTE is a more accurate form of measurement. This may also be a secondary measure prior to and after a culture change. Human Capital Value Added (HCVA) = Revenue (Expenses Pay and Benefits) /FTEs. Profit (or Loss) per Employee quantifies what value, as reflected by profit or loss, employees contribute to the organization. This calculation removes all expenses to provide a measurement that demonstrates what profit (or loss) human productivity generated over a period of time or in a fiscal year.

Summary

In summary, the literature review provides compelling reasons for the type of research needed in this field for addressing the question posed in this study. Although there is ample research done in the area of culture change and financial measurement, this study amalgamates both research areas into one topic.

In its simplest form, culture is made up of beliefs, values, basic assumptions, and shared attitudes that are characteristic of an organization. When aligned with corporate strategy and mission, culture can affect business outcomes in a positive way. However, dysfunctional organizations with dysfunctional culture can exhibit lower effectiveness, efficiency and performance. There are many different types of culture models that range from Deal and Kennedy's Four-Box framework to Hofstede's cultural dimensions theory to Schein's observer standpoint of organizational model.

This study focuses on cultural model developed by Cameron and Quinn, which is called Organizational Culture Assessment Instrument (OCAI). This model is frequently used for assessing organizational culture. A culture that fosters high performing teams can also come across many obstacles and deterrents along the way, such as misalignment of business strategy to the marketplace or inappropriate vision, mission and strategy. Barring these constraints, culture can drive the behavior of employees to their action. Thus good communication, cooperation and decision making can be impacted by culture. Dyer, Dyer, and Dyer understood that in order for teams to achieve superior performance they must have a good understanding of the context of the team, the composition of the team, the competencies of the team and the change management skill of the team. Having a team with high performance culture has financial implications.

When it comes to financial health and metrics, revenue for a high performing culture is fourfold greater and stock-price growth rate exceeded the rest by a multiple of 12. A measurement system, such as the return on investment (ROI) for compensation, benefits, recruiting, candidate selection, employee training, performance management, coaching, and succession plan, provides a frame of reference that helps carry out several important responsibilities, such as communicating performance expectations. Examining the Human Capital ROI of an organization before and after a culture change can determine the success or shortcomings of the large scale transformation process, which is the impetus of this research study.

Chapter 3: Research Methodology

The purpose of this thesis is to assess the ROI of a culture change. Pre- and post-data were gathered to determine movement in a large scale transformation process. This chapter presents the research methods. This methodology includes the research design, sampling methodology, data measurement, and the process for analyzing the data to further explore the research question: Is there a way to quantify and measure the success of a culture transformation

Research Design

The research design was derived from the literature of assessing culture, and the emerging trends related to financial success of a transformation process. It was designed using a blend of qualitative and quantitative methods including surveys, one focus group, and human resources management data.

For the quantitative method, the OCAI was administered to 487 employees; 272 employees responded, and one focus group was conducted to understand the current state of cultural environment and developing a road map to achieve the preferred state of the environment. In addition, financial data were collected to calculate the HCROI prior to the Unfreezing stage and incrementally throughout the culture change. Human Capital Resources data were aggregated for total expenses related to compensation and benefit costs (see Appendix A), total operating expense and gross revenue. The initial measurement was the baseline to compare against the current industry standard and to benchmark against the performance of a HCROI after the culture change.

Qualitative data were collected by conducting a focus group with 15 participants in a company offsite. An 8-question interview protocol (see Appendix B) for the executive leaders and management team was used along with a brainstorming session to determine ways to increase or decrease the four quadrants to align culture to strategy of Adhocracy and Market, choosing 3-5 favorite ideas to start on (see Appendix C). The design of the focus group served two objectives. The first was to review the results of the OCAI and determine if there were competing values between leadership and the rest of the organization and competing values between regions. The second was to identify a roadmap or strategies the organization can deploy during the migration from one culture (Hierarchy) to preferred primary and secondary cultures (i.e., Adhocracy and Market, respectively) desired by the executive team. The qualitative data were used to determine if the mission, vision, strategy and cultural philosophy were shared and widely accepted among the organization, and whether it supported the culture espoused in the OCAI surveys. The quantitative data were used to calculate the return on investment of human capital, and the HCROI in turn should reflect and support the qualitative data (see Figure 5).

Research Sample

An Organizational Culture Assessment Instrument (OCAI) was administered to 15 executive leaders to determine where the current state culture is and where the preferred culture should reside. In addition, a focus group was conducted at the client offsite with 15 same executive leaders. A company-wide OCAI was also administered to 487employees and 272 employees participated including the executives. Distribution of quantitative data for the human resource metrics was provided through the Human Resources Director and CFO of the organization.

Human Capital data, such as gross revenue and operating expense, were provided by the organization based on financial performance in 2015. Financial data for 2016 were based on a rolling forecast and accrual basis. Compensation was provided by Human Resources and it was broken out by individual headcount.

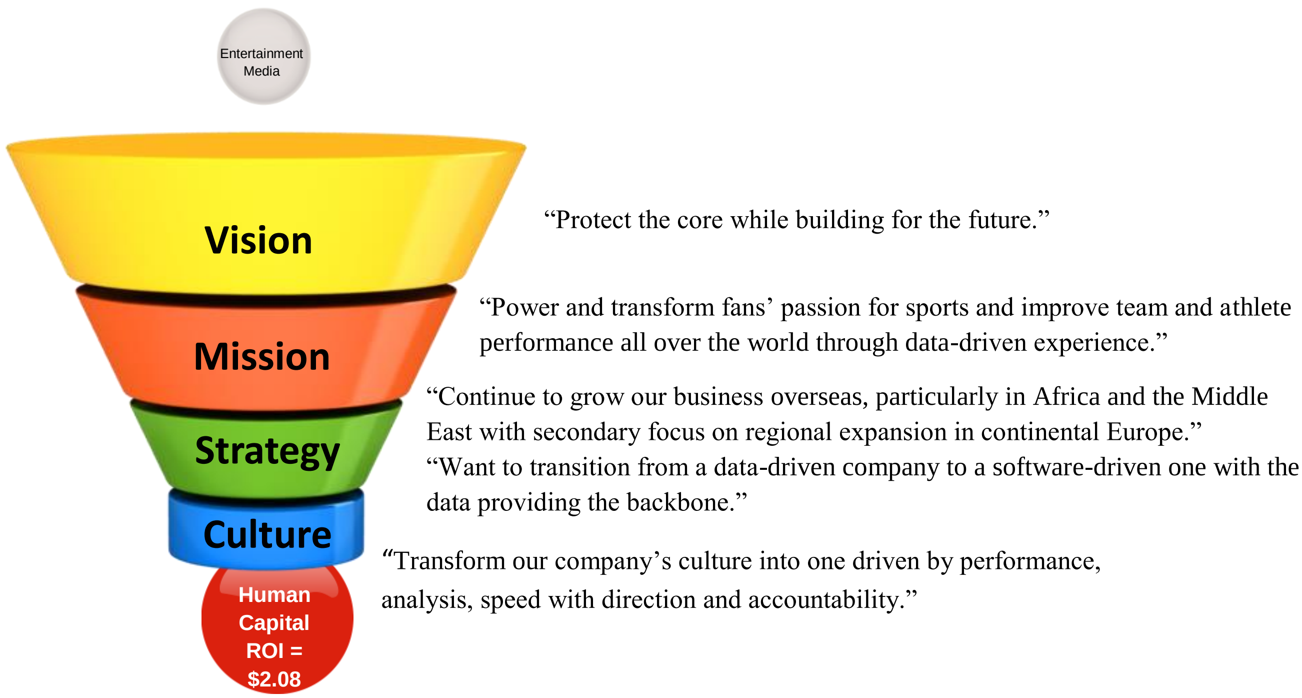


Figure 5

ACME Media's Alignment of Vision, Mission, Strategy, and Culture Pre Culture Change

Data Measurement

Surveys were conducted for the OCAI and financial data collected in order to calculate the HCROI pre, during, and post culture change interventions. The pre-OCAI was used to capture the current and preferred culture type. The data for Human Capital measurements were used to calculate the HCROI initially; this was used as a baseline. HCROI was also calculated during the intervention to determine the performance of the culture change. A post-HCROI was calculated to determine if the culture change improved the financial health of the organization through the culture change interventions. Both the pre- and post-HCROI was used as a benchmark to compare against industries.

Organization Cultural Assessment Instrument (OCAI)

Quinn and Cameron's (2011) extensive research found most organizations have developed a dominant culture-style. An organization however rarely had only one culture type. Often there was a mix of the four organizational cultures. The OCAI has six dimensions are made up of Dominant Characteristics, Organizational Leadership, Management of Employees, Organizational Glue, Strategic Emphases, and Criteria of Success. Each of these dimensions were measured separately and then consolidated into one culture profile for the organization. Executive OCAI data were collected using pen and paper while the rest of the organization participated through an online service.

HR Metrics and HCROI

In order to calculate the HCROI or revenue per employee, HR capital data were needed as inputs into the ROI model. In the simplest form, a measurement prior to the Unfreezing requires gross revenue, total operating expense, total compensation, and benefits of the entire full time equivalent (FTE), and a total headcount of the total FTEs with the organization. The total compensation and benefit can be broken out by soft and hard costs as seen in Appendix A. Soft costs, such as training and employee relations may or may not be currently reported by the organization. However, these investments in employees are considered benefits. A measurement was captured after the OCAI assessment had been completed and before a culture change took place. Then another measurement would take place once the culture shift has occurred and after the Freezing phase.

Benchmarking

A HCROI was calculated pre, during and post the culture change. The two measurements were used to benchmark within industry average as well as other industry practices. The post HCROI was an indicator of the success or shortfall of the culture change that was executed. To take the power of HR Metrics to the next level the HCROI was used to benchmark against industry-based metrics to identify competitive position in various areas, and pinpoint areas of opportunity and improvement. The ROI for public sector organizations are typically around 1.10 (or $1.10 returned for every $1.00 invested) whereas financial organizations are typically closer to 2.00 (or $2.00 returned for every $1.00 spent). PricewaterhouseCoopers (PwC) published key trends in human capital Saratoga study for 2014 (PricewaterhouseCoopers, 2014). Based on this research, Table 5 gives comparative Human capital ROI profiles for upper quartile organizations.

The ROI for the ‘rest of market’ is the midpoint of the first, second, and third quartiles. Benchmarking provides a means to measure how well a company is doing, but it also illustrates and highlights when an organization is underperforming.

The qualitative data gathered were from the focus group. An 8-question interview protocol (see Appendix B) was used for the focus group to review the results of the OCAI and identify a roadmap or strategies the organization could deploy. The brainstorming session was designed to help the organization to bridge the gap between the current to preferred state.

One of the company's key initiatives is to expand internationally, quickly taking the market in the next three years. In operations, technology has been a large driver in the end-user experience. The organization has relied heavily on systems and technological innovation to push live data to end users. This is supported by timely and accurate data that integrate seamlessly into eye-catching graphics of the broadcast systems. Being an early adopter in the areas of digital data feeds, research, editorial and full suite of digital products puts this organization ahead of the pack in this niche field of Entertainment Media and Communication. If the organization as a whole has clear line of sight to the customers, and if the culture is aligned top down, then the HCROI was expected to be higher on the index when compared technology and other industries. A lower HCROI indicates a less productive organization, which could stem from a host of misalignments across the enterprise, giving rise to competing priorities and a less homogenous culture. Once identified, these gaps, such as a uniform strategy, a proper communication channel, a high level of trust, ability to delegate and empower decision making, etc. can bring about insights for change and improvements.

Upon completion of the OCAI, a financial snapshot was taken using the HCROI model. After the culture change had occurred and the transformation process had taken place, post measurement was calculated for the new HCROI, to determine the intervention's degree of the success.

Data Analysis

HCROI measures were used throughout the culture change; quantitative data were analyzed to determine success of a transformation by compiling the ROI before, during and after culture change, and the data from the OCAI were analyzed to measure the cultural current and preferred state. The qualitative data from the interviews were analyzed for themes for inputs on leading practices, challenges, and overall change implementation and adoption were summarized. Furthermore, all data sources were compared for similarities and differences.

Summary

This chapter outlined the research methodology, sample design, research sample, data measurement, and data analysis to quantify and measure the success of a culture transformation. The chapter also outlined a way to measure the HCROI against leading practices and companies in the upper quartile. Chapter 4 will detail the data gathered as well as the overall research findings.

Chapter 4: Data Analysis and Results

This chapter presents findings in support of the research question: Is there a way to quantify and measure the success of a culture transformation? The current and preferred culture states are presented, followed by analysis of the alignment to the vision, mission, and strategy, and the ROI measurement prior to, during and after a cultural change. The chapter also presents the key strategies necessary for the organization to address any gaps in order achieve the preferred culture state.

Understanding the Current Cultural State

Among the 487 employees who work for ACME Media, 263 employees submitted an online OCAI survey and nine executives submitted a manual OCAI survey, totaling 272 surveys entered or a response rate or 54% (see Table 2). Every region participated in the assessment. However, there were some regions that had more representation than other regions. For example, the Americas had 189 submissions, making up 69% of the dataset, and Europe had 47 submissions, making up 17% of the composite. The Middle East and Australia/New Zealand, on the other hand, submitted four and three OCAI surveys, respectively, totaling 1% each of the total data population.

The mean of all the OCAI surveys submitted by each region was 39, and the standard deviation was calculated to be 67.87. All regions fell within the first standard deviation with the exception of the Americas, which was categorically placed in the third sigma of a normal distribution curve. During the client focus group, the researcher reviewed and explained that the data submitted by the Americas heavily weighed in on the type of culture this organization saw themselves currently and in the preferred state; the Americas contributed substantially to the Worldwide culture type.

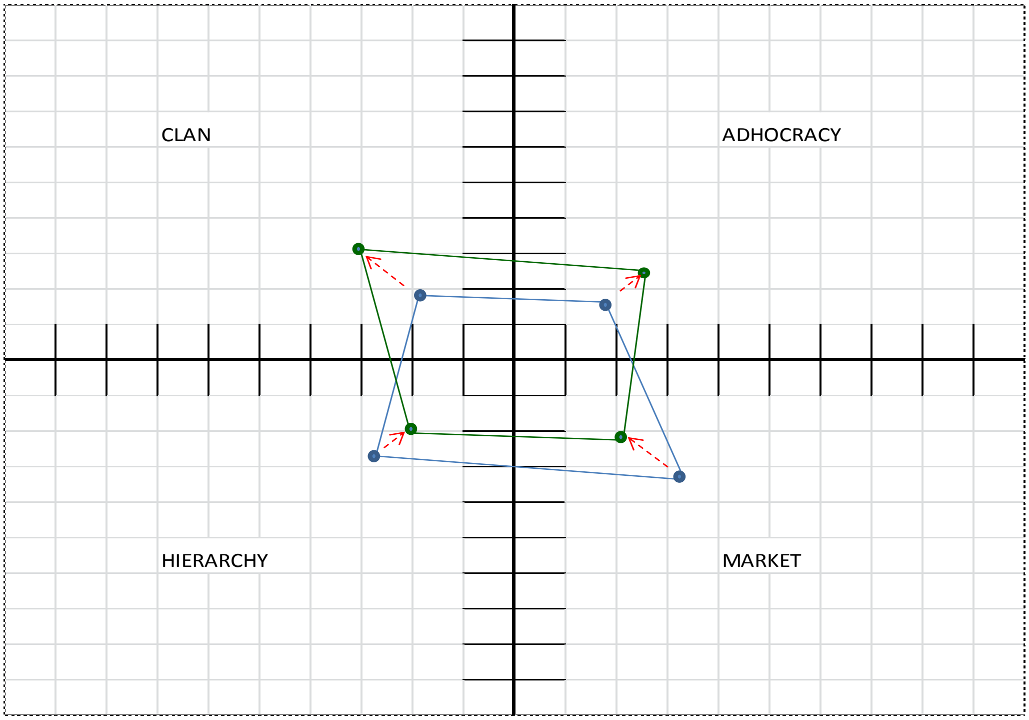
Table 2

OCAI Participants by Region

Region:	Total Survey:	%
Africa	14	5%
Americas	189	69%
Asia	6	2%
Austraila & New Zealand	3	1%
Europe	47	17%
Middle East	4	1%
Executive Leaders (HQ)	10	4%
Worldwide	272	100%

Figure 6 is a profile of ACME Media's Worldwide OCAI results. The current state profile is a mix of the four cultural archetypes: Market (33.09 points), Hierarchy (28.98 points), Clan (19.37 points) and Adhocracy (18.44 points). The blue lines represent the current culture and the green lines represent the preferred culture.

A unique feature of ACME Media's Wordlwide culture in the current state is its consistency. Congruence on the six aspects means that strategy, style of leadership, organizational characteristics, management of employees, and reward system are based on the same values, and fall into the same culture quadrant. Successful organizations often have a congruent culture. Thus, they experience fewer inner conflicts, communication issues and contradictions. Out of 24 differences, ACME Media did not have variances equal to or greater than 10 points for any of the categories (see Table 3).



Data Graph	Now	Preferred
Clan	19.37	30.71
Adhocracy	18.44	26.88
Market	33.09	22.11
Hierarchy	28.98	20.29
Total	99.88	100.00

Figure 6

ACME Media Worldwide OCAI Results

Table 3

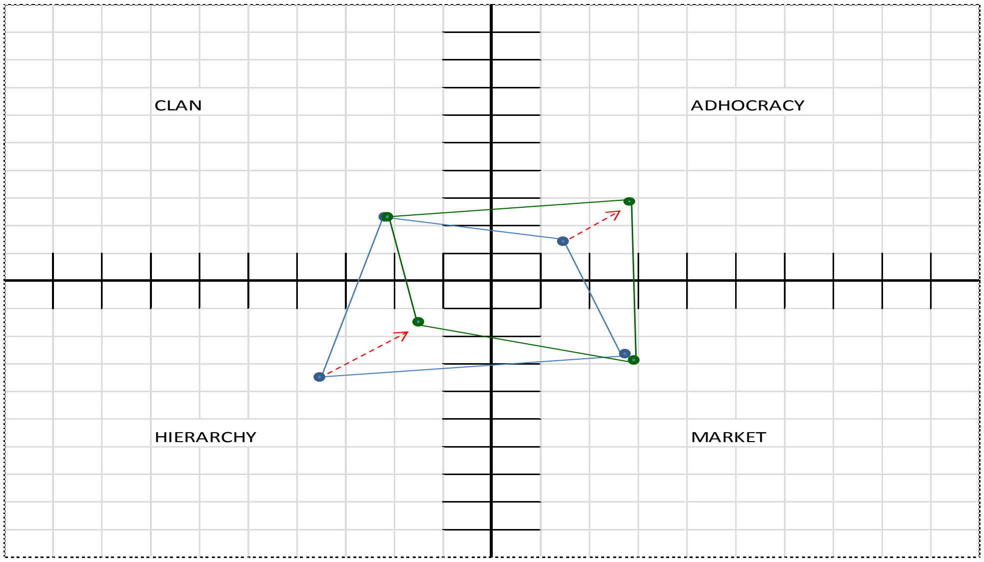
ACME Media OCAI Six Characteristics Variance Within Culture Types

	Clan	Adhocracy	Market	Hierarchy
ACME Media's Overall Culture	19.37	18.44	33.09	28.98
Dominant Characteristics	4.87	-3.40	-2.11	0.76
Organizational Leadership	-3.94	0.20	5.98	-2.12
Management of Employees	3.57	-2.57	-0.33	-0.54
Organization Glue	4.69	1.84	-5.15	-1.25
Strategic Emphases	-3.64	2.47	0.07	0.48
Criteria of Success	-5.55	1.46	1.54	2.67

Further Current State Results and HCROI

The researcher also examined the executive leaders' perspective of culture compared to the rest of the organization, particularly in the current state. Using the OCAI from the executive management team, it was clear that there was competing values amongst the executive leaders and the organization at large. Of the 15 executive leaders who participated in the offsite focus group, nine participants completed the survey (see Figure 7). The dominant current state culture type reported by the executive leaders was Hierarchy (35.15 points) varying from the Worldwide Hierarchy culture by +6.17 points. The secondary culture type that presided over the executive leaders results was Market culture (27.15 points), differing from the Worldwide Market culture by -5.94 points. The tertiary culture type was Clan culture (22.54 points) followed by Adhocracy culture type (15.17 points), with variances from the Worldwide culture type, respective by +3.17 points and -3.27 points.

The dominant culture type in the current state that scored the highest among five out of six regions, including Africa, Americas, Europe, Asia, and Middle East, with the exception of Australia/New Zealand, was Market culture (see Figure 8), focusing internally on the organization and how it integrated. These five regions make up 96% of the total OCAI submission. That means Australia/New Zealand and the executive leaders agreed the dominant culture in the current state was more focused externally on customers, suppliers, etc., and how the well it differentiated. This competing value between the five regions and the executives is a recurring theme that extends into the preferred state.

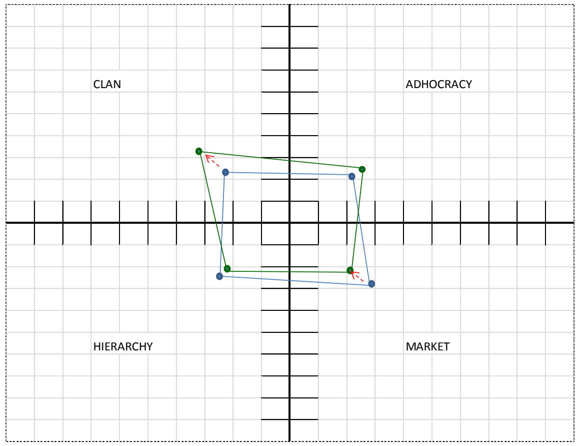


Data Graph	Now	Preferred
Clan	22.54	22.74
Adhocracy	15.17	29.59
Market	27.15	29.30
Hierarchy	35.15	18.28
Total	100.00	99.91

Figure 7

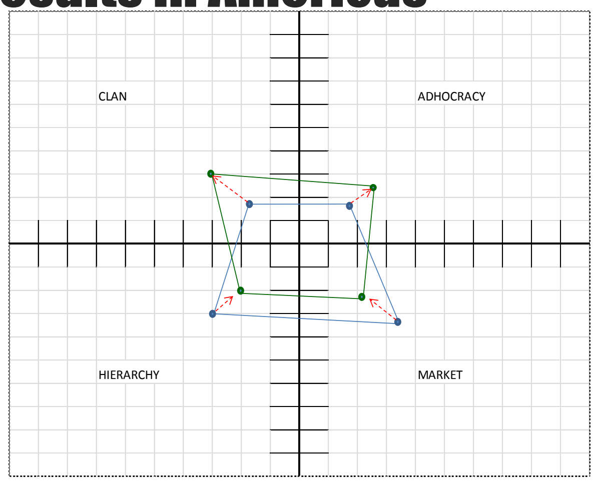
ACME Media Executive Leaders OCAI Results

Results in Africa



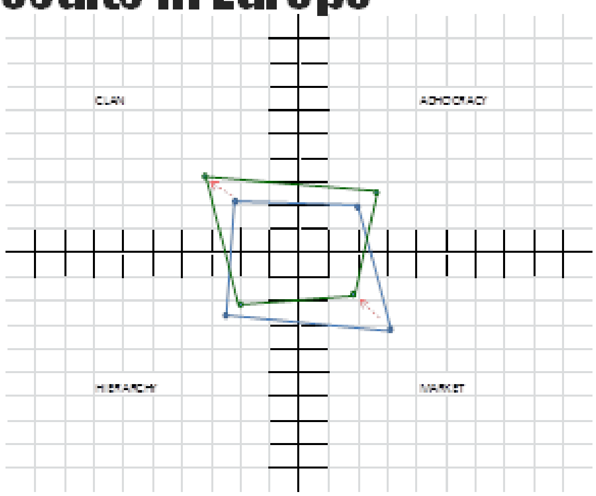
Data Graph	Now	Preferred
Clan	23.51	32.86
Adhocracy	22.26	24.35
Market	29.23	21.55
Hierarchy	25.00	21.25
Total	100.00	100.00

Results in Americas



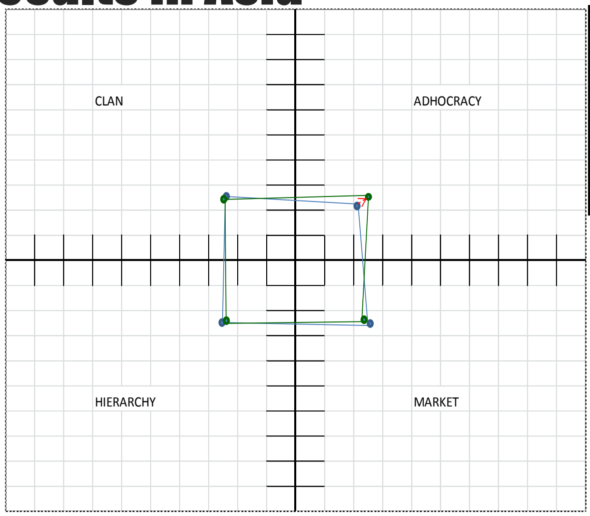
Data Graph	Now	Preferred
Clan	18.28	30.66
Adhocracy	17.80	26.76
Market	34.10	22.51
Hierarchy	29.64	20.06
Total	99.82	100.00

Results in Europe



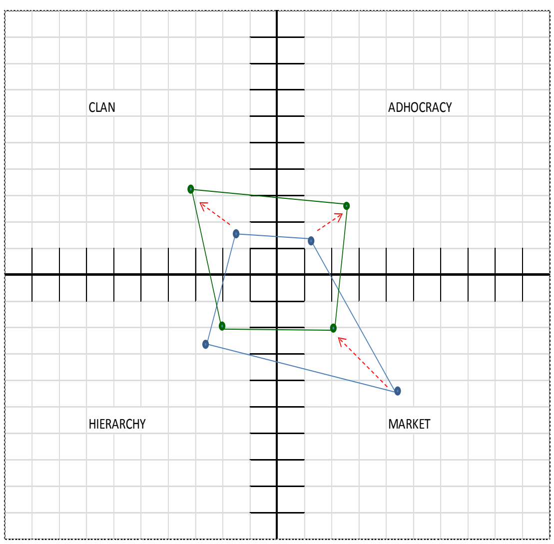
Data Graph	Now	Preferred
Clan	21.37	32.59
Adhocracy	20.61	27.62
Market	31.47	18.95
Hierarchy	26.55	20.84
Total	100.00	100.00

Results in Asia



Data Graph	Now	Preferred
Clan	26.42	26.03
Adhocracy	21.89	26.44
Market	25.94	23.22
Hierarchy	25.75	24.31
Total	100.00	100.00

Results in Middle East



Data Graph	Now	Preferred
Clan	15.04	31.04
Adhocracy	12.96	26.88
Market	44.17	21.88
Hierarchy	27.83	20.21
Total	100.00	100.00

Figure 8

ACME Media Regional OCAI Results

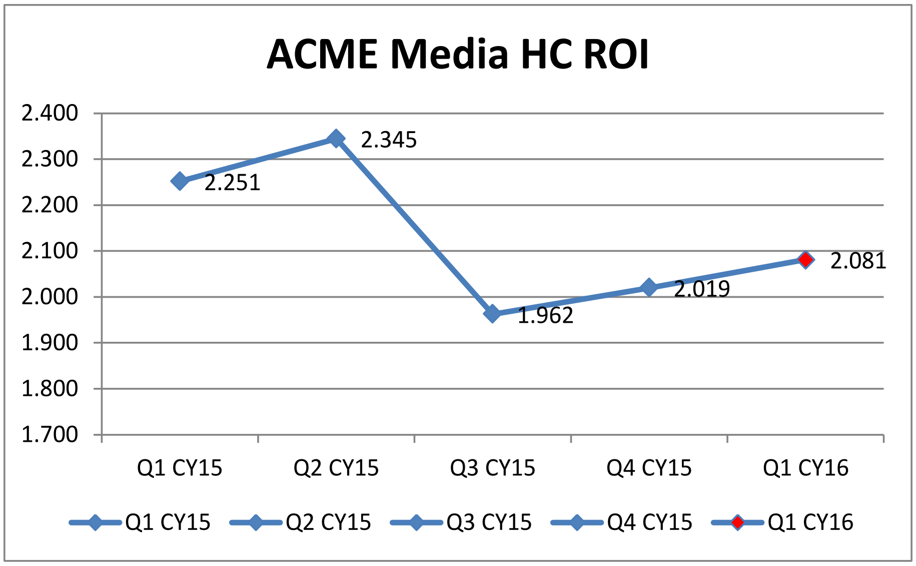
It is worth noting that sometimes cultural incongruence specifically occurs between different departments or people. In the case of the executive team, there were variances equal or greater than 10 points that occurred several times in the Market and Clan cultures out of 24 differences (see Table 4). These differences illustrate differing values, views, targets and strategies among the leadership team, and it was brought to their attention in the focus group.

Table 4

ACME Media Executives OCAI Six Characteristics Variance Within Culture Types

	Clan	Adhocracy	Market	Hierarchy
Average	22.54	15.17	27.15	35.15
Dominant Characteristics	3.46	-2.06	-9.15	7.74
Organizational Leadership	-5.09	0.72	13.85	-9.48
Management of Employees	5.57	-2.28	0.19	-3.48
Organization Glue	10.80	-1.72	-10.37	1.30
Strategic Emphases	-6.20	9.83	-5.26	1.63
Criteria of Success	-8.54	-4.50	10.74	2.30

Based on the results of the OCAI current state culture, ACME Media's Human Capital return on investment (HCROI) was calculated at $2.08 for Q1 2016. This means that for every dollar the organization invested in human capital, the productivity of human capital was $2.08. Q1 2016 HCROI is the pre-measurement prior to a culture change performed at ACME Media. Historically, ACME Media has consistently performed well compared to the standard industry (see Figure 9).



Denotes pre-measurement prior to culture change.

Figure 9

ACME Media Historical and Current State HCROI

When ACME Media is compared to industry averages, it outperforms the upper quartile for the top performers in the Communication/Media space. The standard HCROI is $1.55 for Communication/Media, and ACME Media has surpassed it for the past five quarters, starting with Q1, 2015 (See Table 5). In November of 2015, ACME Media transitioned from one Chief Executive Officer to another, which may explain the drop in the HCROI in Q3 2015.

Table 5

Human Capital ROI Profiles for Best Quartile Organizations

Figure 11: The value of smart growth

Industry sector	upper quartile >	rest of market[6]	Marginal profit per employee
Banking	1.97	1.32	$53,103
Insurance	1.73	1.31	$37,126
Communications/Media	1.55	1.10	$31,431
Technology	1.50	1.14	$23,855
Pharmaceuticals	1.48	1.20	$20,649
Chemicals	1.62	1.29	$24,406
Engineering/Manufacturing	1.43	1.15	$16,858
Utilities	2.66	1.28	$104,550
Retail and Leisure	1.43	1.14	$14,121

There is a clear opportunity cost of not maximising Human capital ROI as you exit the downturn

Source: PricewaterhouseCoopers, 2014

The other financial metric provided by ACME Media was revenue per employee for Q2 of 2015 thru Q1 of 2016 (see Figure 10). Revenue per employee is a measure of how efficiently a particular company is utilizing its employees. In general, relatively high revenue per employee is a positive sign that suggests the company is finding ways to us another word more sales (revenue) out of each of its workers. When compared to industry average, CSI Market (2016) indicates Communication Service organizations are on the upwards of $600,000 per employee (see Table 6).

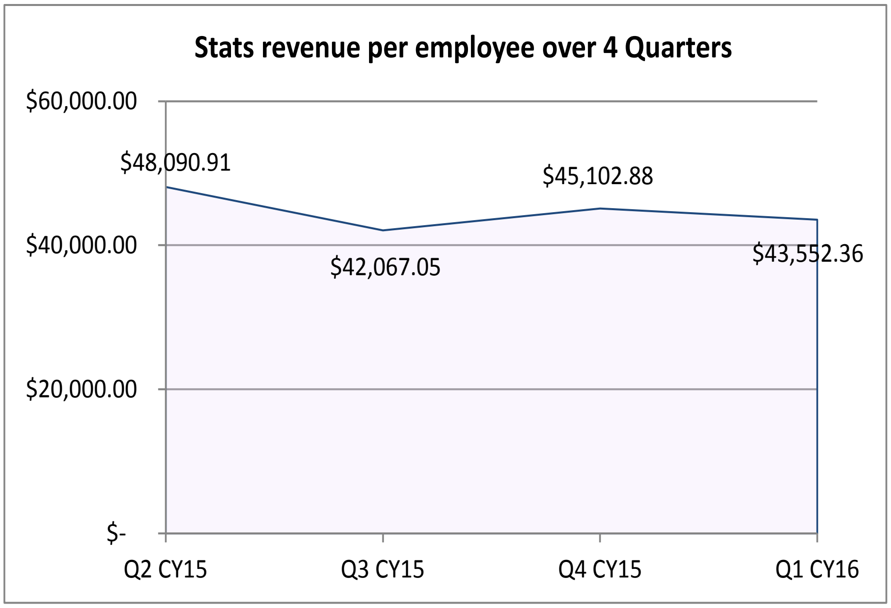


Figure 10

ACME Media Revenue per Employee Results I

Table 6

CSI Market Communication Services Industry Efficiency Information

Communications Services Industry	1 Q	4 Q	3 Q	2 Q	1 Q
	2016	2015	2015	2015	2015
Revenue/Employee (TTM) $	-	867,774	818,236	660,897	674,486
Sales/Employee Ranking	#	# 35	# 39	# 41	# 34
Net Income/Employee (TTM) $	-	80,363	45,979	24,975	14,495
Net Income/Employee Ranking	#	# 20	# 39	# 57	# 72
Receivable Turnover Ratio (TTM)	6.99	8.48	15.23	8.8	8.99
Receivable Turnover Ranking	# 50	# 33	# 21	# 34	# 33
Inventory Turnover Ratio (TTM) Sales	340.79	66.65	146.19	115.97	91.31
Inventory Turnover (Sales) Ranking	# 63	# 83	# 71	# 77	# 74
Inventory Turnover Ratio (TTM) COS	89.18	17.21	51.73	50.23	40.44
Inventory Turnover (COS) Ranking	# 5	# 21	# 12	# 13	# 16
Asset Turnover Ratio (TTM)	0.39	0.54	0.56	0.47	0.47
Asset Turnover Ranking	# 65	# 73	# 69	# 73	# 74

Interpreting the Preferred Cultural State

ACME Media's Worldwide OCAI results indicated that the organization at large desired a Clan culture going forward as it was scored the highest, in this case 30.71 points (see Figure 6). This was followed by an Adhocracy culture at 26.88 points then a Market culture at 22.11 points, and trailing in the rare is a Hierarchy culture at 20.29. Based on the Worldwide OCAI, the organization at large would like to shift from a Market culture to a Clan culture.

During the debriefing session of the results, the initial reaction by the executive team was mixed. The SVP Product Development noted that, "We always do what the client wants. There is no innovation. And so we get the most juice out of a lemon, but we don't get to do what we want." The Vice President of Global Marketing followed it up by saying, "There is a longing of Clan culture, and I can see this clearly in my department." The Chief Executive Officer explained the split culture is due to the "Legacy Company" and the pace of the new company is "accelerating the change to go faster." The Vice President of Human Resources observed that many employees report back to him that they "don't feel protected." "There is also a sense of going back to the 'good old boys club'," mentioned the Senior Vice President of Corporate Development & Strategic Partnerships.

Similar to the differing reactions to the Worldwide preferred culture type, the executive team also had differing results in the preferred state of the OCAI (see Figure 7). The dominant culture in this case was an Adhocracy culture (29.59 points); a culture which is dynamic, entrepreneurial, and provides a creative place to work. Coming at a very close second, Market culture (29.30 points) sets precedents with result-oriented, production, goals and targets and competition. Third is Clan culture (22.74 points). The Hierarchy culture is present as well at 18.28 points. It is the culture type the executive leaders would like to retreat from the most in the desired state.

The OCAI results of the preferred state between the organization at large and the executive team was a clear indication of competing values. The overall organization preferred a culture that fostered a pleasant place to work, where people shared personal information, much like an extended family. In a Clan culture, the leaders or heads of the organization are seen as mentors and perhaps even parent figures. The organization is held together by loyalty or tradition. Commitment is high. The organization emphasizes the long-term benefit of human resources development and attaches great importance to cohesion and morale. Success is defined in terms of sensitivity to customers and concern for people. The organization places a premium on teamwork, participation, and consensus. In response to mentoring and parental figures, one of the Directors of Strategic Programs responded, “We should have a stronger sibling relationship within departments. It doesn’t seem like a lot of people extend themselves out to other groups.”

While the company overall would prefer to focus internally and empower staff, the executive team differed by wanting to work towards a more dynamic, entrepreneurial, and creative place to work. In an Adhocracy culture, people stick out their necks and take risks. The leaders are considered innovators and risk takers. The glue that holds the organization together is commitment to experimentation and innovation. The emphasis is on being on the leading edge. The organization's long term emphasis is on growth and acquiring new resources. Success means gaining unique and new products or services. Being a product or service leader is important. The executive team would also like to continue being a results-oriented organization whose major concern is getting the job done. People are competitive and goal-oriented. The leaders are hard drivers, producers, and competitors. They are tough and demanding. The glue that holds the organization together is an emphasis on winning. Reputation and success are common concerns. Success is defined in terms of market share and penetration.

To address the competing values as exemplified by the results, the SVP of Product Development declared, “I don’t think they [the staff] have an idea as to why. Those conversations aren’t being had. We’ve done a good job measuring the results, but we haven’t explained why.” This was an example of the ACME Media placing importance on communication; the ability to report results outwardly but not communicate internally the reasons to get to results. Another example was brought up by the VP of Commercial Products who said, “I don’t think we show signs of Adhocracy culture. We may be waiting around for management to make the same decisions. We don’t empower the teams to be innovators.”

ACME Media’s mission statement underscores the Adhocracy culture and the notion of creativity and innovation by improving on an athletic experience. “Power and transform fans’ passion for sports and improve team and athlete performance all over the world through data and data-driven experience.” Beneath the mission statement is the declaration, “HOW WE WILL WIN,” which also supports the Market culture the executives would like as the secondary preferred culture type.

Although there is a clear and defined mission statement that drives ACME Media, executives were not confident that their staff knew the mission statement in its entirety. The Chief Financial Officer, the Senior Vice President & General Counsel, and SVP

Product Development mentioned roughly 75% of their staff could recite the mission statement given that they had it hanging on their wall or pinned the drawer. The Senior Vice President of Corporate Development & Strategic Partnerships, one of the Director of Strategic Programs, and the VP of Commercial Products said that 30% -40% of their staff knew the mission statement. The Executive Vice President of Sales and Marketing was uncertain the number of staff who knew the mission statement. It is worth noting that no vision was made available to the researcher despite several requests to executive leaders.

Changes and Transformations to the Preferred Cultural State

During the second half of the focus group, the researcher designed a brainstorming session in the form of a modified Open Space intervention. The four archetypes of culture were represented in each corner of the room. The executives were invited to meet in small groups, share their ideas and get to work on closing the gaps between the current culture state and the preferred.

The 15 executive team members were divided into four groups, representing one of the four culture types. Each team discussed ways they can work towards the preferred state. ACME Media was working to increase Adhocracy and Clan culture by retreating from the Hierarchy culture while maintaining the same level of Market culture as in the current state. The executive leaders were arbitrarily divided into one of four culture types. Each group was to list the start/stop types of activities that would get their respective departments to the preferred culture type. Rotating through the four culture types, each team spent 15 minutes in each culture type and compiled a list of strategies to change the culture of the overall organization.

The activities were posted on the wall and the executives performed a gallery walk selecting their top three choices by checking off the strategic activities they felt were the best activities they could achieve in the next couple of months.

In the Adhocracy culture, the first item that the executives rallied for was the enactment of the 80/20 rule where the leaders trust their staff in the moving the process along by curtailing extensive analysis, allowing the individual, the department, and the organization to move forward. The second strategy ACME Media elected was the ability to delegate decision making to subordinates. Executive leaders wanted to develop trust through empowering the employees to make decision without consistently waiting for approval. The last selection was to stop the executive leaders from doing everything; that meant curbing the executive leaders from being in every meeting and from making all the decisions.

In the Clan culture, there was strong desire to share the organization chart with clear ladder of level and responsibilities. The executives felt that staff would not need to go up the chain of command, but rather to the direct questions to their peers. Secondly, it was important to have leadership and managers visit local offices so they would have the opportunity to build stronger relationships. Lastly, the executive team decided to stop hedging; that is, they wanted to stop the decision making process from being centralized. In this manner, the decision making process would empower the employees.

For maintaining their existing Market culture, the executives agreed to say “no” when it made sense. In that manner, ACME Media would only take strategic and profitable customers and avoid non-strategic partners. The second strategy was to communicate the “wins” effectively by creating some sort of medium for internal groups to engage and to share "cool" stuff occurring in the business to the customers. They chose to stop engaging in every customer need or request, especially if the money was not there to support the endeavor or prospect.

In scaling back the Hierarchy culture, the executives decided that it was essential to have an explanation of the new systems and how they are used to benefit the organization. The CEO would like to ensure all the employees understand the new systems that are in place so they can be fully optimized. At the cost of doing things perfectly, the executive leaders are willing to accept "done is better than perfect". The leaders do not need staff to follow every protocol to perfection. Otherwise, they worry nothing would ever get accomplished. Lastly, the executives do not need to be involved in every decision. They want to trust their function groups and ultimately their people.

Results of the Preferred State HCROI

ACME Media's Human Capital return on investment (HCROI) was calculated at \$2.37 for Q2 2016 (see Figure 11). Just one quarter after the initial measurement and before the culture change, the HCROI was \$2.08 in Q1 2016. Thus, the HRCOI had increased 14% from Q1 to Q2 in 2016.

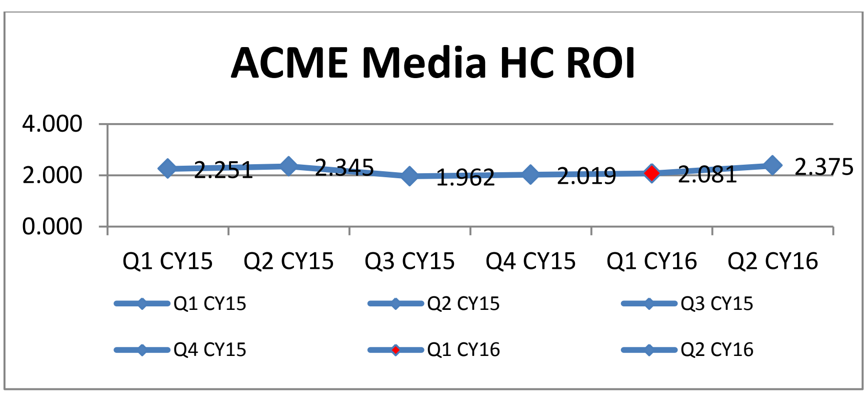


Figure 11

ACME Media Preferred State HCROI

Summary

ACME Media wanted to initiate a culture change from April 2016 to August 2016. The researcher conducted an initial OCAI in late April across the organization to determine the current culture state and preferred culture state. The researcher met with the executive team in an offsite focus group to debrief the results, conduct interviews, and to brainstorm with the executives to develop strategies to move towards the desired culture state. Financial data was collected for each month and quarter. Final results are discussed in Chapter 5 under limitations of the research study.

This chapter presented the findings of the study. The first section described the results of the quantitative data collected utilizing the OCAI. Of the 487 employees working at ACME Media, 272 employees, including nine executive leaders, participated in the survey. The mean of the sample was 39, and all regions, including Africa, Asia, Australia, and New Zealand, Europe, and Middle East fell within the first standard deviation. North America by and large had the largest response of 69%, placing this region within the third standard deviation. The Worldwide current state culture profile was Market with 33.09 points, Hierarchy with 28.98 points, Clan with 19.37 points, and Adhocracy with 18.44. The six dimensions of the OCAI, which consist of dominant culture, strategy, style of leadership, organizational characteristics, management of employees, and reward system, are congruent to the overall results.

The second section presented the quantitative results of the OCAI for the executive management team. The current state profile of the executive leaders was Hierarchy with 35.15 points, Market with 27.15 points, Clan with 22.54 points, and Adhocracy with 15.17 points. Apart from the executive team, Australia/New Zealand was the only other region that surveyed the dominant culture type as Hierarchy. The leaders also showed four instances of incongruence. The quantitative data collected on the financial data indicated that ACME Media has historically, and is currently, operating well above industry standard HCROI of $1.55. For ACME Media, the pre-measure HCROI prior to culture change, denote by Q1 2016, was $2.08. In the same quarter, the revenue per employee was $43,522.

The third section discussed the primary differences of the preferred state between the Worldwide OCAI results and the executive OCAI leaders. For the organization at large, the preferred state would be a Clan culture type. As for the executives, they would like to see the organization move towards Adhocracy with a Market culture being a very close second. During the focus group, several of the leaders provided initial reactions to the competing values the organization was experiencing. The qualitative data collected from the one-on-one interviews and the debriefing provided a richer context of the gap in the OCAI results seen between the Worldwide organization and the executive team. The Clan culture type, preferred by ACME Media Worldwide, does not align to the mission statement and the espoused Adhocracy and Market culture types the executive leaders prefer. Some of the underlying values that were brought up and challenged in the focus group were under communication, lack of delegation, lack of empowerment, lack of employee inclusion, et cetera.

The fourth section provided more qualitative data collected from the focus group where a small group intervention was used to open dialogue among the leadership team to develop strategies for increasing Adhocracy while maintaining Market culture. The executive leaders developed strategies to incorporate Clan culture and retreat from

Hierarchy. After a gallery walk, the top three best activities were chosen for execution over the next couple of months.

The fifth section presented the quantitative results of the Human Capital ROI for the interim measurement as the culture change was occurring. The HCROI for Q2 2016 was $2.37. Due to the limitation of time, the full intervention was not expected to be completed before the completion of this thesis. The Human Capital ROI consist of interim measurements on a monthly and quarterly basis during the change, and provided an indication of a positive impact the intervention had on the culture change process, indicating ACME Media shifted to the preferred culture. Chapter 5 draws conclusions from the study, discusses limitations, makes recommendations to organization development practitioners, and offers suggestions for further research.

Chapter 5: Summary, Conclusions, Limitations, Implications, and Recommendations

This research project was an exploration of using financial measurements to quantify the study of culture change. The study addressed the following research question: Is there a way to quantify and measure the success of a culture transformation? This chapter presents conclusions derived from the findings and connects them to existing literature. Finally, recommendations, study limitations, implications and suggestions for future study are also examined in this chapter.

Summary

ACME Media is the midst of great changes in its organization. The organization as a whole has strong affinity to move towards a culture that fosters community, and the company is looking for leadership to mentor and create an organization emphasizing the long-term benefit of human resources development that attaches great importance to cohesion and morale. The employees value commitment, communication, and development above all beliefs. The leaders, on the other hand, want to create a dynamic, entrepreneurial, and creative place to work. They consider themselves innovators and risk takers and lean heavily on being on the leading edge of innovation. Being a product or service leader is important. They value innovative outputs, transformation, and agility above all beliefs.

The effectiveness of the culture change is a function of the leaders' ability to get the whole organization engaged, culture aligned to the mission statement, and the company to move towards the direction of their strategy, understanding competing values exist. High performing cultures are cultures of action. They encourage human initiative and know that understanding comes over time with both action and discovery (Kaliprasad, 2006). Action prompts discover, which generates new action, which leads to new discoveries, which lead to better action, and then more discoveries, et cetera. Most importantly, everyone on the team can play that game, together, at all levels of the organization (Coffman & Sorensen, 2013). The tools have been provided, the field has been set, the leadership team knows the score and how long the game goes is up to the organization.

Conclusions and Interpretations

Four conclusions could be drawn from the research.

1. ***Bring cultural awareness into the organization***. Executives commonly think they understand more about culture than they do as the underlying assumption upon which it is found is below the surface and difficult to ascertain. Implicit assumptions, for example, are virtually indiscernible and unobservable walking into an organization like ACME Media. It would be challenging to identify the in or out leaders in the circle of trust (Coffman & Sorensen, 2013). However, there is an inner domain in which the information is shared within the executive leaders and directives are passed down through these direct reports. From assumptions there emerge contracts and norms. These are rules of engagement that govern interaction, which are more detectable than assumptions.

The next level in which culture is more observable would be artifacts. Artifacts represent the clothes employee wear, the decor of the office space, the logo of the organization, the mission statement, and formal goals, et cetera. They commonly represent what values are espoused by the organization. Lastly, the most obvious manifestation of culture is the explicit behavior of the employees. This is the way in which people interact with one another and how things get done around the office.

Cameron and Quinn (2011) pointed out people are unaware of their culture until it challenged, until they experience a new culture, or until it is made overt and explicit through, for example, a framework or model. This is why culture was ignored for so long by management and scholars. It is undetectable most of the time. Therefore, developing a culture profile helped to identify the kind of culture type that exists currently, and aligning or realigning culture appropriately to what is most profitable. (Cameron & Quinn, 2011). To that end, there is no right or wrong culture. However, without the awareness to determine what type of culture an organization is, a company can remain lost like a thistle in the wind. Without the being aware of it, workers adjust their behavior to conform more or less to the understand expectations and beliefs of those around them. Like fish in water, employees are unaware of the influence of culture until they go to another organization. A culture can stifle independent thinking, reinforce power sources, or enhance collaboration and innovation. Thus this invisible medium called culture plays a tremendous role in how the work gets done and how much knowledge workers contribute to the organizations goals (Bennet & Bennet, 2004). The executive leaders at ACME Media were unaware of the overall current state culture type was Market and the preferred state is Clan.

2. ***Organization design is a key component to successful organizations***. A vision or a mission statement is only as relevant as the strategy that supports it, and in turn, the strategy is only as compelling as the culture that bolsters it. This conclusion is supported by Cummings and Worley in their conceptual framework whereby the key notion in organization design is ‘fit’, ‘congruence’, or ‘alignment’ among the

organizational element. The organization is designed to support a particular strategy, or strategic fit, and that the different design elements must be aligned with each other and all work together to guide members' behavior in that strategic direction, or design fit. Research shows that the better these fit, the more effective the organization is likely to be (Cummings & Worley, 2015).

ACME Media has invested in a solid mission statement, which espouses a preferred culture type of Adhocracy, capitalizing on uniqueness of the virtual data and sports experience. Underscoring the primary culture type is a secondary culture type of Market in which ACME Media has declared the strategic path to the organization "how we will win." Realigning culture with strategy cannot be done at the top because the energy to act exists deep with the organization. The promise may be crafted at the strategy level, but it is the organization's culture that either delivers or breaks that promise (Coffman & Sorensen, 2013). So, the executive leaders at ACME Media have their stakes on the strategy and preferred culture type aimed towards Adhocracy, but the organization at large has set their sights in the preferred culture type in Clan. Alignment of the culture, strategy and mission statement is the key to this organization's success.

3. ***Organizational behavior and analytics together present the larger picture.*** While data is a good way to understand information and patterns, or perhaps provide greater insight for better decision making process, or even help channel the direction an organization might pursue. Quantitative data alone do not serve as the only account to an organization's journey. Like a compass, financial measurements and analytics serve as tools to guide an organization. ACME Media as an organization at large journey down a path using the OCAI to determine its current state to be Market and

its preferred culture to be Clan. The executive team, however, discovered their version of the current state was Hierarchy and preferred state to be Adhocracy. The quantitative data, therefore, indicated there were competing values between the executive leaders and the organization at large not only in the current state but also in the preferred state. In the focus group, what surfaced was the lack of communication and understanding by staff as to why the executives make choices and decisions the way they do. Thus, the qualitative data uncovered the behavioral aspect that lay unbeknownst, unidentified and innocuous to executive, but not to the rest organization, until it was brought to light in the focus group.

Research supports this conclusion that when an organization invests heavily in shared beliefs and values, there is higher level of cooperation, an ease with communication and stronger level of commitment, allowing for efficiency to take place (Sathe, 1983). Arguably, the need for collaboration by the organization at large is exemplified by the desire to move to a Clan (Collaborative) culture in the preferred state. Because the executive team was now aware of the competing values component they were able to create strategies around the behaviors to realign the culture to the mission statement as well as the underlying strategy to accomplish the company goals. The quantitative data again support and complete narrative of ACME Media's journey. The HCROI went from $2.08 in Q1 2016 to $2.37 in Q2 2016. This is 14 % increase quarter over quarter, indicating successful changes made to shift the culture within ACME Media. Fitz-enz (2009) supports this conclusion in his book *Human Capital ROI*. Quantitative measures tend towards cost, capacity, and time. The qualitative measures focus on value and human reaction. The quantitative tells us what happened, whereas the qualitative gives us some reason of why it happened. Together, they offer insights into results and drivers, or causes (Fitz-enz, 2009).

4. ***Financial measurements aid in gauging the transformation process.*** Quantitative data are part of every organization's daily operations. Measurements play a central role in evaluating performance. The financial model used in this study reported the financial performance of a culture change. Through an iterative process, ACME Media was able to continually measure its performance as the company adjusted and readjusted its behavior, beliefs, and assumptions to suit the culture that met its aspired cultural state. The financial model can be used to measure various interventions throughout the process lifecycle. The behavior adopted by ACME Media is reflected in the financial performance of 14% in HCROI in Q1 2016 from the current culture state to Q2 2016 in the preferred culture state. Although, ACME Media has not completed its culture change fully, the financial model is a means to measure the success or shortcomings during the transformation process. ACME Media is using this process to continue its ongoing journey to master the evolution of its culture to meet its intended mission. The financial tool was design to enhance its capability and bring more awareness to the organization.

Limitations of the Research Study

There were four limitations in this study.

1. First, the number of participants taking the OCAI in the Americas was skewed in comparison to the regions like Asia, Australia, and New Zealand, and the Middle East, meaning the Americas submitted 189 OCAI surveys of the 272 participants and representing 69% of the total population. Other regions were

underrepresented, like the Middle East, and so the results showed a bias as the Middle East data may have been de minimis (Merriam-Webster's Collegiate Dictionary, 2015).

2. Second, the organization had undergone a change in management; the new CEO was in charge November 2015, which was almost six months prior to when the OCAI was administered to the organization. This may or may not have impacted the overall organization's response to the current state culture.
3. Third, the culture change is expected to be fully completed by August of 2016. So, measurements were taken along the way. A final measurement will be taken post culture change, which will not be reflected in this thesis.
4. While the evidence contained in this one case, that aspired to track culture change in a large system, indicates promise, it is not yet possible to generalize with confidence to other organizations with similar or distinctively different cultures.

Recommendations to ACME Media

There were five recommendations to ACME Media in this study.

1. The organization is in need of talented leadership who understands how to charter a challenging culture and has the ability to help transform an organization from one culture type to another culture type.
2. The organization should incorporate financial measurement into its change process, like the culture change done in this research study, in order to decipher the benefits they are getting from the program or initiative. It will also aid the organization in redirecting itself when an intervention is not serving the company. Keeping track of the HCROI and the revenue per employee over a period of time

will not only show trends and patterns of ACME Media. It will help complete the narrative of their journey.

3. A considerable amount of attention should to be paid to team performance. The Worldwide OCAI indicated ACME Media is a Market culture in the current state, and the leadership team described there was a lack of understanding by staff about the goals and reasons for the direction ACME Media was going, creating a communication roadblock. At the basic level, ACME Media should understand Patrick Lencioni's *The Five Dysfunctions of a Team*, focusing particularly on trust, conflict, and commitment. The executive leaders should perhaps focus on the elements of high performing team presented in Dyer, Dyer, and Dyer, specifically competencies. Competencies are the team's ability to solve problems, communicate, make decisions, manage conflicts, etc. High performing teams have developed processes that allow the team to clearly articulate their goals and metrics for achieving those goals, allowing the team to make effective decisions, communicate effectively, build trust and commitment to the team and the goals, resolve disputes and disagreements, and encourage risk taking and innovation.
4. The CEO should institute a more robust way of including Clan culture. The level in which the employee engagement is most effectiveness is a function of the speed in execution of the intervention (see Figure 12). As the CEO decides to engage employees more effectively, the level of difficulty increases and the speed in execution also increases. There are also constraints to consider with each intervention, such as geography and organization structure. Thus, the tradeoffs are

the benefits ACME will forgo to accomplish more Clan culture in its organization.

5. The skills to effectively communicate within teams and across the organization seem to be a prevalent theme that indirectly emerged in the focus group. It would be beneficial for ACME Media to invest in an OD practitioner or Organizational Behavior consultant to train the leaders and staff in this important skillset by shoring up and guiding them through this integral process.

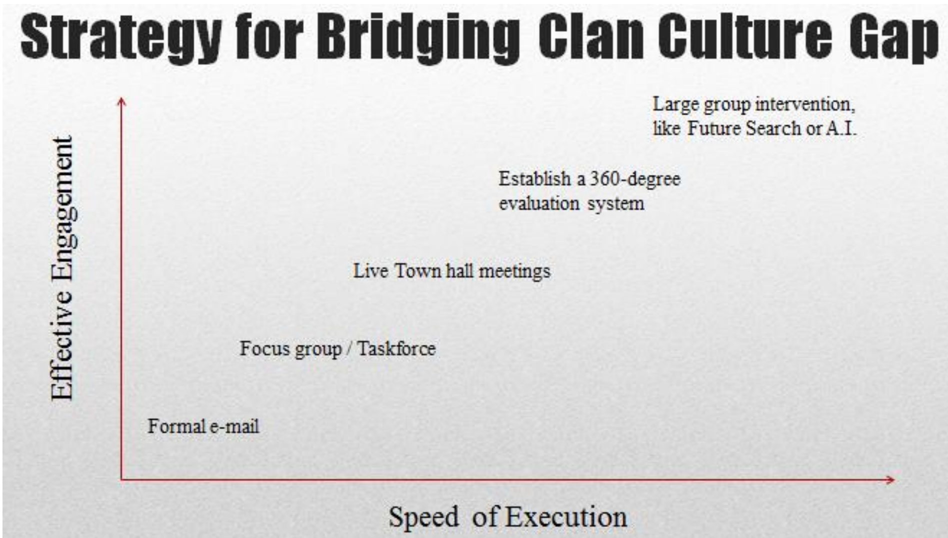


Figure 12

ACME Media Recommended Strategies to Include Clan Culture

Recommendations to OD Practitioners

There were three recommendations to OD practitioners in this study.

1. This study showed that financial measurements can help navigate an organization while undergoing a large scale transformation, such as a culture change. In doing so, the Human Capital ROI (HCROI) was a good gauge to help determine the

strength and weakness of the interventions and behavior changes applied to the organization. It would be well suited for OD practitioner to learn more about how the HCROI aids in culture change. Each intervention will have direct impact on the system and the HCROI. There are many resources for learning more about HCROI, such as Fitz-enz's (2009) *The ROI on Human Capital* and *How to Measure Human Resources Management*.

2. As a general guideline, OD practitioners should, when appropriate, integrate financial measurements into their practice. There is a growing demand by executives and management to report on the profitability or loss on money spent for a campaign, imitative, or program. It fosters a sense of trust and accountability from the OD practitioner to the client. By incorporating measurements into the practice it follows the natural cadence of Process Consulting where it becomes an iterative process of check and balances.
3. There is an old proverb that says, "Give a man a fish and you feed him for a day; teach a man to fish and you feed him for a lifetime." OD practitioners are offered the opportunities daily to be wise sages in a world filled with organizations that need help. Offering the awareness and teachings of culture change and helping organizations to measure those changes not only benefit the OD practitioners, but the organizations they serve. Organizations like ACME Media were unaware of their current culture. Until the competing values framework was brought to their attention, the executives were struggling to align their culture to their strategy. Going forward, the organizations have a way to charter their courses to the desired culture state to meet their mission.

Suggestions for Further Research

1. During the focus group, a question arose regarding how Millennials may respond to the OCAI compared to the other generations. In this research study, the results were segmented in two ways. The first bifurcation was between the executive team and the rest of the organization. The second group was divided by region. Further studies should include another look at how the Millennials, Generation X, and Baby Boomers respond to culture. Similarly, it may be worth looking into how gender plays into culture within these generational categories.

2. In management there is an appetite by the leaders to see the financial implications of any large scale change that an organization undergoes. To that extent, research should be expanded to include other metrics, such as total labor cost, variable compensation percentage, turnover or retention rate, employee capacity, succession planning (i.e., internal versus external replacement), et cetera. OD practitioners should consider adopting a way to measure their interventions perhaps using both the qualitative and quantitative approach.

3. This particular research study focused on the Communication and Entertainment Media industry. Although the company was established more than thirty years ago, the advent of the Internet has changed the way statistics and real time data for sports are consumed. More study is needed in this field and in this industry. To a greater extent, more research is needed for different life cycles of organizations. Measuring the culture and the performance of that culture should be a normal practice as an annual routine checkup. This promotes employee engagement, and more importantly will provide invaluable data not only to the leadership team but the industry.

4. There are many metrics that can assist the measurement of Human Resources Management. Fitz-enz (2002) goes to great lengths to describe various ways to measure the areas of recruitment, compensation, and benefits, training, and development, employee relations, and retention programs, and so forth. Further studies should include the impact of the HCROI based on these areas of hire-to-retire process.

REFERENCES

Bank of America & Merrill Lynch. (2012). *How leaders build — and impact — high-performing teams*. Retrieved from https://corp.bankofamerica.com/documents/10157/67594/HighPerformingTeams.pdf

Balthazard, P. A., Cooke, R. A., & Potter, R. E. (2006). Dysfunctional culture, dysfunctional organization. *Journal of Managerial Psychology*, *21*(8), 709-773. doi:10.1108/02683940610713253

Bennet, A., & Bennet, D. (2004). *Organizational survival in the new world*. Burlington, MA: Elsevier Butterworth Heinenman.

Cameron, K. S., & Quinn, R. E. (2011). *Diagnosing and changing organizational culture* (3rd ed.). San Francisco, CA: Jossey-Bass.

Coffman, C. & Sorensen, K. (2013). *Culture eats strategy for lunch*. Denver, CO: Liang Addison Press.

Cohen, A. R. (1993). *The portable MBA in management*. New York, NY: John Wiley & Sons.

CSI Market. (2016). Retrieved from http://csimarket.com/Industry/industry_Efficiency.php?ind=905

Cummings, T. G., & Worley, C. G. (2015). *Organization development and change*. Stamford, CT: Cengage Learning.

Deal, T. E., & Kennedy, A. A. (1982). *Corporate cultures: The rites and rituals of corporate life*. Boston, MA: Addison-Wesley.

Dyer, W., Dyer, G., & Dyer, J. (2007). *Team building: Proven strategies for improving team performance* (5th ed.). San Francisco, CA: Jossey-Bass.

Fitz-enz, J. (2002). How to *measure human resources* management (3rd ed.). New York, NY: McGraw-Hill.

Fitz-enz, J. (2009). *The ROI of human capital* (2nd Ed.). New York, NY: Amacon.

GE Capital. (2012). *Organizational culture: The effect of behavior on performance*. Retrieved from http://www.gecapital.eu/en/docs/GE_Capital_Overview_ Organizational_Culture.pdf

Hofstede, G. (2015). *What is culture?* Retrieved from http://geerthofstede.nl/culture.aspx

Levasseur, R. (2001, August). People skills: Change management tools— Lewin's change model. *Interfaces 31*, 71–73. Retrieved from http://www.emeraldinsight.com/doi/ref/10.1108/JOCM-11-2013-0215

Lynn, J. (2000, May – June). Human resources: Managing your most valuable asset. *Commercial Law Bulletin*. 15(3), 42-43. Retrieved from http://connection.ebscohost.com/c/articles/3338474/human-resources-managing-your-most-valuable-asset

Kaarst-Brown, M. L., Nicholson, S., von Dran, G. M., & Stanton, J. M. (2004, Summer). Organizational cultures of libraries as a strategic resource. NY 13244 *Library Trends*, Vol. 53(1). Retrieved from http://www.bibliomining.com/ nicholson/libtrenkar.pdf

Kaliprasad, M. (June, 2006). The human factor ii: creating a high performance culture in an organization. *Cost Engineering*, 48(6). Retrieved from http://connection.ebscohost.com/c/articles/21557349/human-factor-ii-creating-high-performance-culture-organization

Katzenbach, J. R., Steffen, I., & Kronley, C. (2012, July – August). Cultural change that sticks. *Harvard Business Review*. Retrieved from https://hbr.org/2012/07/cultural-change-that-sticks

Kotter, J. P. (1996). *Leading change*. Boston, MA: Harvard Business School Press.

Kotter, J. P., & Heskett, J. L. (1992). *Corporate culture and performance*. New York, NY: The Free Press.

Merriam-Webster's Collegiate Dictionary. (2015). Retrieved from http://www.merriam-webster.com/.

Nwugwo, B. C. (2001). *The impact of organizational culture on employee behavior and attitude. impact of organizational culture.* Retrieved from http://www.btctechnologies.com/boni/od501_paper.pdf.

Orr, L. M., & Häuser, W. J. (2008, Fall). A Re-inquiry of Hofstede'S Cultural dimensions: A call For 21St century cross-cultural research. *Marketing Management Journal.* Retrieved from http://connection.ebscohost.com/c/articles/36403581/re-inquiry-hofstedes-cultural-dimensions-call-21st-century-cross-cultural-research

PricewaterhouseCoopers LLP. (2014). *A new vision for growth key trends in human capital 2014*. Retrieved from https://www.pwc.com/gx/en/hr-management-services/pdf/pwc-key-trends-in-human-capital-2014.pdf

Sathe, V. (1983). Implications of corporate culture: A managers guide to action. *American Management Associations*, 0090-2616/83/0015. Retrieved from http://connection.ebscohost.com/c/articles/4637720/implications-corporate-culture-managers-guide-action

Schein, E. (1985). *Organizational culture and leadership*. San Francisco, CA: John Wiley & Sons.

Schein, E. (1992). Kurt Lewin's change theory in the field and in the classroom: Notes toward a model of managed learning. *Reflections*, *1*(1), 59-74. Retrieved from http://connection.ebscohost.com/c/articles/6798038/kurt-lewins-change-theory-field-classroom-notes-toward-model-managed-learning

Schein, E. (2006). *So how can you assess your corporate culture? Organization Development. a Jossey-Bass Reader*. San Francisco, CA: John Wiley and Sons.

Suderman, J. (2012, Fall/Winter). Using the organizational cultural assessment (OCAI) as a tool for new team development. *Journal of Practical Consulting*, *4*(1), 52-58. Retrieved from http://connection.ebscohost.com/c/articles/85205123/using-organizational-cultural-assessment-ocai-as-tool-new-team-development

Ulrich, D. (2005, Summer). HR's new ROI: Return on intangibles. *Human Resource Management*, *44*(2), 137-142. Retrieved from https://deepblue.lib.umich.edu/bitstream/handle/2027.42/39116/20055_ftp.pdf?sequence=1

Vaughn, D. (1996), The challenger launch decision: risky technology, culture, and deviance at NASA. Chicago, IL: University of Chicago Press.

Yu, T. (2009, July). A review of study on the competing values framework. International *Journal Business and Management*, *4*(7), 37-42. Retrieved from http://www.ccsenet.org/journal/index.php/ijbm/article/viewFile/3000/2770

Appendix A: Human Resources Metrics

Recruiting Cost

Cost to hire

Advertising Cost
Agency Fees
Referral Bonus
Travel Cost
Relocation
Recruiter Cost
Unsolicited No-cost Resume
# of hires

Selection Process

Cost of recruiter to hire

Administrator Salary (by hour)
Benefits (is it 30% of salary)
Overhead cost (space, equipment, etc., by hour)

Interview cost

Staff Salary (by hour)
# of hires for interview
Length of interview
Management Salary (by hour)

Special Events

Recruiting events
Promotional events
Sponsored events

Others

Signing Bonus

Fully Loaded Full Time Equivalent

Compensation by department

Intern
Analyst
Staff
Administrator
Manager
Director
Vice President
COO
CIO
CFO
CEO

Benefits by department

- Intern
- Analyst
- Staff
- Administrator
- Manager
- Director
- Vice President
- COO
- CIO
- CFO
- CEO

Payroll Tax

- Intern
- Analyst
- Staff
- Administrator
- Manager
- Director
- Vice President
- COO
- CIO
- CFO
- CEO

Training

Needs assessments

- Salary of employee doing analysis
- Consultant Cost

Training Cost

- Cost per Trainee
- Consultant Cost
- Training Facility Rental
- Supplies, workbooks, paper, pens and pencils
- Refreshments
- Trainee Travel
- Trainee Lodging
- Trainer Travel
- Trainer Lodging
- Trainer's Salary and Benefits
- Participant's Salary and Benefits
- Training Department Overhead
- Number People Trained

Cost of lost opportunities/ work

Intern
Analyst
Staff
Administrator
Manager
Director
Vice President
COO
CIO
CFO
CEO

Cost of lost sales (for sales staff training)

Intern
Analyst
Staff
Administrator
Manager
Director
Vice President
COO
CIO
CFO
CEO

Project management costs

Consultant Cost
Consultant Cost
Consultant Cost

Employee Relations and Retention Programs

Orientation

Time it takes to orient (2-8 hours)
Average hourly rate of pay for attending employees
Total # of employees oriented
HR department cost

Performance Management

Hours to Complete Upward Reviews
- Intern
- Analyst
- Staff
- Administrator
- Manager

Director
Vice President
Hours to Complete Downward Reviews
Manager
Director
Vice President
COO
CIO
CFO
CEO

Coaching and Counseling

Hours
Intern
Analyst
Staff
Administrator
Manager
Director
Vice President
COO
CIO
CFO
CEO

Absentee

Hours
Intern
Analyst
Staff
Administrator
Manager
Director
Vice President
COO
CIO
CFO
CEO

# of Attrition

Intern
Analyst
Staff
Administrator
Manager
Director

Vice President
COO
CIO
CFO
CEO

Worker's Compensation Claims($)

Intern
Analyst
Staff
Administrator
Manager
Director
Vice President
COO
CIO
CFO
CEO

Unemployment Claims($)

Intern
Analyst
Staff
Administrator
Manager
Director
Vice President
COO
CIO
CFO
CEO

Appendix B: Interview Questions—Executive Leaders and Management

Interview Questions— Executive Leaders, Management, and direct reports

1. What is the company's vision for the long term future?

2. What is the current strategy?

3. How clear and appropriate is the strategy in your opinion for being highly successful?

4. What's working well today? What are you most proud of?

5. What issues or obstacles, if addressed, have the potential to increase company performance?

6. Is our structure helping or hindering us? How?

7. What about our culture is helping or getting in the way of executing our strategy?

8. Is there anything that we should have asked but didn't? Any other comments you would like to add?

Appendix C: Strategies for Desired Preferred State

Strategies for Increasing Adhocracy Culture

Managing Innovation

1. Establish goals and hold people accountable for producing innovative ideas. Make that a part of everyone's job description.
2. Actively seek out new ideas, new thoughts, and new perspectives.
3. Hold idea-sharing or idea-blending events in your work setting, such as internal trade shows, cross-functional task forces, symposia, book reviews or focus groups. The idea is to address questions such as, "What's new?" "What have you been thinking about?" and "What problem do you have that you don't expect anyone to solve?"
4. Establish a practice field, separated from normal daily work, where new ideas can be tried out and low-cost experimentation can occur. This might include an actual physical location, time off, or extra resources.
5. Form teams and task forces where a formal minority report is expected to be filed, at least one person is assigned the task of finding alternative viewpoints or exceptions to the group's recommendations, or other mechanisms are used to create divergence.
6. Use your customer's ideas to stimulate different ways to approach work.
7. Reward not only idea champions and those who generate new approaches to work but also sponsors or mentors of those ideas or approaches, as well as orchestrators or facilitators who help the ideas get disseminated and implemented more widely. Successful innovation takes all three roles: idea champions, sponsors, and orchestrators.
8. Make success visible. Celebrate even small wins. Provide a way for people involved in successful new processes or products to reap rewards from their innovations.
9. Encourage and reward not only big changes and visible innovations but also small, incremental, continuous improvements. Look for trends indicating minor but never-ending improvements in addition to major improvements.
10. Try out ideas on a pilot basis. Don't revolutionize the entire organization until you have experimented first on a small-scale basis.

Managing the Future

1. Make a list of obstacles that impede what you hope to achieve in the future. What stands in the way of your outstanding success? Now reconsider each item on the list, interpreting each obstacle as a surmountable challenge. How can the impediment be made into an opportunity?
2. Keep track of trends and predictions for the future of your industry or sector. Monitor what is happening with your competitors not just domestically but around the world. Spend some time each month thinking ten years ahead. Don't get stuck in automatic short-term thinking.
3. What stories or incidents in your own organization exemplify progress toward your vision of the future? Disseminate these motivational stories, and repeat them often. Help make them part of the folklore that defines success in your organization.

4. Communicate your vision of the future often, consistently, and in a variety of ways. Never give a public presentation without communicating your vision in some way. Express it out loud, in written form, and by your behavior.

5. Provide opportunities for subordinates to become teachers of the vision. Structure opportunities where others can articulate and explain your vision. Hold them accountable for disseminating the vision to their subordinates.

6. In articulating a vision, make sure to honor the past. Don't denigrate or throw away the strengths and successes of the past while creating a new future. But also make certain that your vision is seen as a step forward and a new direction, not more of the same.

7. Ask each of your departments to generate its own vision statement that is consistent with the basic principles and values of the overall organizational vision.

Managing Continuous Improvement

1. Measure improvement, not just task or goal accomplishment.

2. Establish a reward system that recognizes and celebrates improvement, not just doing the job right.

3. Establish a suggestion system in which feedback is provided within twenty-four hours. Even if no progress has been made evaluating or implementing a suggestion, give feedback anyway to the person who offered it.

4. Legitimize and acknowledge improvements that save a little as one second or one cent. Communicate the fact that no improvement is too small to be important.

5. Reward and recognize improvement trends as well as big ideas. Make sure that people are compensated for small wins. Post results.

6. Make it easy for employees, as well as customers, to complain or give suggestions. Make the assumption that more input is better, and actively seek out improvement ideas from employees and customers.

7. Use cross-functional teams to improve each department. Fresh perspectives help generate new ideas.

8. Constantly thank people for the work they do, their ideas, their improvements, and their efforts.

Strategies to Increase Market Culture

1. Review the vision, values, goals, objectives and measures being used at the corporate level. Develop your own version for your unit. Implement them the way you think the CEO should have implemented them at the corporate level.
2. Reexamine or reinvent the processes associated with customer contacts and the flow of information from the customer through the organization
3. Consider the needs of special segments of the customer population. Find new ways to respond to them. For example, try aligning billing practices with the late-month income patterns of senior citizens.
4. Examine your current time-to market response time, and make comparisons with key competitors. Identify ways to be more competitive on response time.
5. Constantly analyze the evolution of the market by holding exploratory focus group sessions with the people most closely associated with the market.
6. Study the best-quality achievements of competitors and share them with employees. Ask for suggestions on how to be more competitive.
7. Establish a performance improvement program in which every employee is asked to suggest items that lead directly to increased profitability, productivity, quality or responsiveness.
8. Hold meetings to acquaint investors with your strategic plans and to meet your key management personnel.
9. Assess the need for a more global perspective among the members of your unit, and provide opportunities to broaden and globalize their perspectives.
10. Develop a rationalized corporate contributions program. Track the external organizations that approach your organization for contributions and support. Provide support to the external organizations that fit your strategic values system and create mutually advantageous partnerships.
11. Employ an outside marketing firm to survey customer satisfaction. Assess the levels of courtesy, competence and concern that your employees show.
12. Implement the concept of customer alliances. Develop programs of partnership with your largest customers. Provide opportunities for their input into your decision-making processes just as a partner would participate in a joint financial deal.
13. Hold a retreat with all managers. Combine hard-nosed reviews and improvement proposals with measurement and accountability sessions.
14. Hold focus group interviews with customers to obtain their current expectations and levels of satisfaction with services and products.
15. Increase the sense of integrity that customers see in your organization. Develop a customer education system to help customers make informed choices in services and products of the type you provide.

16. Analyze your organization’s competencies, and assess them against anticipated future demands. Develop a program of competency acquisition.
17. Develop an assessment that evaluates the contributions to overall corporate competitiveness made by every unit. Based on the evaluations, establish systems whereby every unit can become a better contributor to overall competitiveness.
18. Create a system whereby all customer requests and questions can be satisfied with just one telephone call at a single point of contact.
19. Reinforce the concept of the profit center. Emphasize the profit responsibility of every unit, including staff units.
20. Increase the standards use in evaluating performance. Aggressively remove all poor performers, and put poor performance units on notice.
21. Apply for the Baldrige Award or ISO 9000, or engage in a similar action that will hold the internal processes responsible to some form of outside assessment and evaluation. This will force the entire organization to stretch.
22. Identify “Big Hairy Audacious Goals” (BHAG’s) – outrageous goals and targets that require performance levels never before attained.

Strategies to Increase Clan Culture

1. Establish a 360-degree evaluation system to assess the leadership practices of all senior managers. That is, get evaluative input from subordinates, peers, superiors. See that every senior manager, including the CEO, is assisted in analyzing the data, hearing the painful messages, and planning for better performance.
2. Design a career development program that emphasizes inter-unit mobility and will contribute to cross-functional communication.
3. Involve employees in all phases of strategic planning.
4. Institute an effective employee survey program for systematically monitoring employee attitudes and ideas. Establish employee teams to work on making changes identified in the survey.
5. Develop programs to increase the facilitation and teambuilding skills of the workforce.
6. Identify the longest-standing intergroup conflicts. Analyze these conflicts and design and systematic set of interventions for transcending them.
7. Assess and improve the processes associated with employee diversity.
8. Examine the expectation systems that drive the behaviors of middle managers. Alter the incentives so that middle managers behave in more empowered and innovative ways.
9. As part of the empowerment process, move the decisions in such areas as pay raises and budgets to lower levels.
10. Develop a training program for middle managers that allows them to better understand the strategic pressures on the organization and conveys how their role must change for the company to be more effective.
11. Energize the employee recognition system. Empower managers to use resources to reward extra effort.
12. Implement a benefits program that allows each employee to select options. For example, within a set amount, allow the individual to choose the desired level of medical, dental, life, and disability insurance coverage.
13. Create an internal university – an overall educational function that has a systematic training strategy for educational needs at every level of the unit.
14. Make an assessment of the training needs in each unit, prioritize the needs and develop programs to meet the needs. Have people inside the unit do the training.
15. Increase attendance in training programs by requiring the supervisors of all participants who do not attend the program to report in writing the reason for the absence.
16. Build cross-functional teamwork by holding a daily fifteen-minute meeting of all managers. The agenda is to identify all items requiring coordination among units. Problems are solved outside the meeting.

17. Build cross-functional teamwork by establishing an operational planning group that provides a plan of the day and a three-day view into the future.
18. Senior management holds a monthly “skip level” meeting with different cross-sectional groups of lower-level employees to identify problems and surface suggestions for better cross-functional coordination.
19. Constantly monitor the problems of first-line supervisors, and see that they are cared for. Be sure that they are paid better than their subordinates.
20. Empower first-line supervisors by eliminating the layer of supervision directly above them. Chart all responsibilities that need to be performed, provide the necessary training and empower the first line supervisors to make key decisions and react quickly to the needs at hand.
21. Revolutionize the performance evaluation system by making subordinates’ assessments of a superior’s performance part of evaluations of supervisory and management personnel.
22. Improve the relationships between support and line operations. Use a facilitator to help each support group identify its strengths and weaknesses in providing support. Help the line groups identify their key support needs. Hold sessions for the groups to explore their relationship and develop a new set of expectations for working together.
23. Increase the effectiveness of the employee suggestions system. Benchmark the best systems in other organizations, and upgrade your current system.