“The Best of the Best”

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

A report on nearly 60 leaders and their acclaimed organizations on their relationship of leadership and culture to performance

November 2003
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INTRODUCTION

“Culture isn’t just one aspect of the game. It is the game.”
- Lou V. Gerstner, Retired Chairman, IBM

We offer our research to help Canadian leaders win the culture game.

This research illuminates a path, a “missing link” in leadership development and everyday practices, that will help leaders see powerful, new, alternative ways to lead both themselves and their businesses to make even greater contributions to all stakeholders - and even to humanity.

The research presents leaders and their organizations that achieved something rare and remarkable. They created highly Constructive cultures. Cultures where people thrive and bottom lines are met – even exceeded. These leaders lead with great wisdom and humility. Their integrity is impeccable.

Their companies boast astounding stakeholder relationships. Promises made are promises kept. Prosperity is the result.

These are stories of inspiring leaders leading inspired cultures.

For the first time, you will see precisely how you and your organization may achieve similar success, as the research defines a rigorous, quantitative and qualitative path.

We hope this research enlightens and inspires you.

Myrna Ain, Dara Bailey, Peter Bromley and Mark Kalyta
First Light PMV Inc. (Canada)

Dr. Rob Cooke
Human Synergistics / Center for Applied Research Inc. (United States)

November 2003
Acknowledgements

As one of the authors of this report, I stole the pen to write this section so I may offer thanks to my inspiring co-authors, partners, friends and colleagues.

This research project, the first of its kind in Canada, was conceived from necessity, mission and passion.

We wanted to give voice to new ways of moving people and organizations forward together, towards individual and collective prosperity. Sometimes it’s been hard to be heard. So we kept at it, wondering how to respect while challenge very accomplished and successful leaders with new ways of leading.

Inspired ways.

By measuring something that was once hard to measure – culture - and by tying leadership and culture to the bottom line and organizational excellence, we hoped to open heads and hearts.

We hope our contribution is received so others may follow the extraordinary examples set by those leaders and their employees as they move themselves and their organizations from great to greatness.

“Best of the Best” is entirely self funded, and could not have been mounted were it not for people who themselves are inspiring leaders. I am particularly grateful to our research partners – and now friends – at Human Synergistics / Center for Applied Research Inc. in Chicago, Ill. Dr. Rob Cooke, co-author of this report, whose deep caring and wisdom informs this work and the lives of many in organizations around the world through his co-creation, the OCI. Deborah DeFranco was a project leader who is a stand for integrity, courage, tenacity and great humour. She always asked the question, “what’s the right thing to do here.”

Two other friends at HSI, Michael Litwin and Brendan O’Connor, managed innumerable details, gently nudged wayward respondents and turned raw data into information at the press of a key, all with a smile. Thank you, God, for their patience!

Many precious friends extended their hand and hearts to us. I am especially grateful to Bob and Gail Bailey, not only for giving the world a wonderful daughter, Dara, but also to inspire and elevate ourselves and the business to new levels.

Two very wise men, Ken Ain and Gordon Allen, shared their quiet knowing, and always stood alongside us to offer help. They both walk quietly, carrying a big heart. You teach many with your presence.
Our children always fuel and inspire us, because they are our greatest gifts, and, as parents, or parents – in – waiting, our aspirations include making a difference, and leaving them an even better world. To these greatest gifts, I thank Michael, Eva, Trish, Brian and a soon to be named child coming to a playground near you, courtesy of Mark Kalyta and Dara Bailey, my inspiring partners.

As “propellers,” Mark and Dara moved this initiative ahead brilliantly even when the compass sometimes stuck. Mark’s tenacity and commitment moved this initiative from good, to great and I trust, to greatness. His brilliance radiates throughout and beyond this report.

He is matched by his wife and our partner, Dara. She is another who walks quietly and carries a big heart. Using that and other gifts she built trust quickly, opening doors so we may listen to CEOs. Her intuitive gifts deepen and embellish this work, and her wisdom – far beyond her years – is also reflected throughout.

Myrna Ain is my soul sister. This research was inspired by her questions like, “how can we prove culture matters once and for all?” “How can we prove that taking care of relationships takes care of business – many times over?” As an inspiring teacher Myrna teaches me about being inspiring, being authentic and just being. She embodies Gandhi’s mantra, “be the change you want.” I am blessed to be at once a student, teacher and soul brother alongside her.

Carol, you have no idea what you have given me. Thank you, my love, for showing me heaven on earth. I always knew it was possible, but wasn’t sure I’d see it here until I met you.

And finally, to the inspiring men and women who lead Canada’s “Best of the Best” organizations, you are walking icons about the goodness of people, the goodness of business and the goodness of the world. Thank you for sharing other ways of leading and excelling.

May you inspire others to achieve similar greatness.

Peter Bromley
First Light PMV Inc.
Toronto, Canada
November 2003
ABOUT THIS REPORT

This report defines and quantifies the basic but intricate relationship among leadership, culture and prosperity. What, precisely, are the attitudes and behaviours that underpin the type of leadership that drives extraordinary cultures? Who must a leader be, and what must a leader do to inspire such cultures? And how do leadership and culture impact performance - financial and other measures such as employee engagement, customer and brand loyalty, quality and service, to name a few?

We structured this report to help leaders understand and apply the results to their own situations with ease.

This report is divided into several sections:

- Section one offers a quick guide to understand both the methodology and language of the report. Key findings are then presented.
- Section two delves into the quantitative research findings of 43 "Best of the Best" organizations. (We will refer to these companies as “The Best” hereafter). In this same section we will compare these results to 70 "typical" companies that participated in another, unrelated culture study over a three-year period. The results are surprising.
- Section three conducts a "walk around" of The Best organizations and explains, "how things are done around here" by illuminating their foundational attitudes and behaviours. This section makes the findings more real and applicable to everyday life in an organization.
- Section four presents trends within the results from The Best. Not surprisingly, while all these companies are outstanding benchmarks of culture, significant differences exist, particularly in the key measures of service quality and employee satisfaction. The significant impact these differences make on long-term performance is explored in this section.
- Section five answers, "who are the leaders who lead these extraordinary, constructive cultures?" We present findings from one on one interviews with the CEOs of The Best organizations, illuminating a set of imperatives that define "inspiring leadership."

Remaining sections provide our readers with the obligatory mechanics and inner working of the research and of those involved.

A final note: One challenge in writing this report has been to articulate precisely the intuitions we’ve had of these leaders and their cultures. Not only have we measured culture, but in interviewing CEOs and walking through their organizations, we received an overall "experience." It’s a “vibe,” a feeling, an energy that certainly informs and often elevates one’s experience of that leader and that culture. The numbers themselves do not offer the complete story of what it takes to be The Best.
So we’ve captured these experiences in writing, and presented them alongside the equally tangible but more quantitative research measures, to provide a more complete understanding of these remarkable leaders and their organizations.
Section one: Overview of results

Quick guide to understand the cultural measurement tool

To help you better understand the report right away, this section is designed to give you an initial grasp of the measurement tool used in the research and the language associated with it. More complete and rigorous definitions appear in Appendix A.

All participants, including the typical organizations, responded using various forms of the same highly reliable measurement tool: Organizational Culture Inventory® (OCI). The OCI, created by Human Synergistics Inc., is the most widely used psychometric tool that measures the actual attitudes and behaviours underpinning culture.

CEOs completed the "Ideal" profile, which delineates their vision of the culture, or "where they want to be." Employees completed the "Current" profile, which specifically measured the current operating culture.

The Circumplex

Participants' responses were mapped onto the "Circumplex," designed like a timepiece. The Circumplex divides culture into three behavioural and attitudinal sectors:

- Constructive (Blue)
- Aggressive / Defensive (Red)
- Passive / Defensive (Green)
Section one: Overview of results

To define key terms, Constructive attitudes and behaviours (11 o'clock to 2 o'clock) balance task and people. Aggressive / Defensive attitudes and behaviours (7 o'clock to 10 o'clock) indicate command and control styles. Passive / Defensive attitudes and behaviours (3 o'clock to 6 o'clock) shows up as inertia, and are the enemy of leadership, market share innovation and many other imperatives to operating a business successfully.

It is helpful when reading these profiles to locate the darkened circle near the centre of the Circumplex, representing the 50th percentile, also known as "average score." These profiles show the relative strength of Constructive or Defensive attitudes and behaviours through the length of the extensions (the shaded areas extending beyond the darkened circle, the 50th percentile). In other words, the longer the extensions, the stronger the style within the culture.

Our research methodology is in Appendix B.
Section one: Overview of results

KEY FINDINGS

Inspiring leaders, inspired cultures, superior performance

The findings uncover and illuminate what we view as a "missing link" in current leadership development and everyday practices. This link is imperative to success - now and over the long term. Specifically,

- The more Constructive the culture, the greater the financial and other performance measures
- The leader and the leadership team have the greatest impact on culture. Constructive cultures are directly proportional to the Constructive attitudes and behaviours from leadership. Specifically, the more constructive the leadership, the more constructive the culture.
- Some Canadian CEOs and their award winning organizations understand that link better than typical North American organizations, generating better financial returns and better stakeholder relationships
- The more constructive the culture, the less fear exists within it. A "fear-less" organization ignites and unleashes greater innovation, creativity, collaboration and productivity
- A constructive culture is directly proportional to the ability of an organization to keep its promises - financial, brand, loyalty, quality, employee and customer satisfaction
- Highly Constructive cultures transcend typical organizations to a level we identify as "inspiring"
- Inspiring leadership occurs when there is:
  1. a highly Constructive vision
  2. a meticulous alignment between the vision and attitudes and behaviours of the leader, the leadership team and the culture.
- What stands out as inspiring in many of The Best leaders:
  - they always act based on the right thing to do for all concerned. They radiate goodness, caring and kindness.
  - they are humble, acting with great humility. They don't see themselves above others, eschewing hierarchy
Section one: Overview of results

- they are deeply humane, real, authentic, who speak and act from their hearts and minds

- they acknowledge the enormous value within everybody to contribute, and are skilled at inclusion, collaboration and dialogue. They see their organizations as a community of equals

- they are warm, gracious, generous – almost like a good “host”

- they beam with pride about their people and their businesses

- they make leadership accessible in a number of ways. They are directly accessible and their style ignites and engages one’s own leadership

- they tend to be open about their feelings and have great empathy to host the feelings of others. They are unafraid to show vulnerability

- they are extremely committed to giving to the community, both in terms of money and time

- they balance an enormous amount of creative tension and fear with being an “authentic cheerleader”

• Misalignment between vision and attitudes and behaviours - within the leader or the leadership team - directly impact and undermine culture and performance

• Strongly Constructive cultures endure, and will be a leader’s lasting legacy and contribution
Section one: Overview of results

SUMMARY

In summary, our findings conclude that

**Inspired culture drives prosperity**

**Inspired leaders drive inspired cultures**
Section two: “Best of the Best” cultures – quantitative results

Current profile of Canada's Best of the Best organizations: Enlightened leadership, constructive cultures

We now examine the quantitative research findings.

Canada’s The Best Current Culture Profile (Chart one) shows the strongest extensions are clearly along the Constructive styles at the top of the profile. (To review, the cultural styles are laid out similar to a timepiece, with the Constructive styles at positions 11 to 2 inclusive).

Employees of these award-winning, Canadian organizations report that they are expected to

- pursue challenging goals (Achievement)
- maintain personal integrity (Self Actualizing)
- support and develop others (Humanistic-Encouraging)
- communicate and cooperate with others (Affiliative)

The emphasis on Constructive attitudes and behaviours is consistent with the type of cultures leaders typically view as ideal for their organizations.
Section two: "Best of the Best" cultures – quantitative results

Chart one

The "Best of the Best" Current Culture Profile (Employees)

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Clearly Canadian Constructive Cultures
Award winning Canadian organizations have strong Constructive cultures (shown in blue). Employees of these award-winning Canadian organizations report that they are expected to pursue challenging goals (Achievement); maintain personal integrity (Self Actualizing); support and develop others (Humanistic-Encouraging) and communicate and cooperate with others (Affiliative)
Culture "follows the leader:"
examining the “Best of the Best” Ideal profile

We know that a leader's vision, together with aligned behaviour, attitudes and action, determines whether the culture is Constructive or Defensive.

Over the past decades, thousands of respondents have completed the OCI in terms of the behaviors that should be expected of members to maximize their motivation and performance and the long-term effectiveness of their organizations. Almost invariably, the picture they paint is a predominately Constructive culture.

Like most other CEO’s, The Best’s Ideal Culture Profile (Chart two) specifies strong norms for the Constructive culture, weak norms for the Passive/Defensive styles, and moderately weak norms for the Aggressive/Defensive styles. The difference is that these Canadian CEO’s take actions and implement systems that are in alignment with this ideal, as opposed to simply reacting to short-term demands, trends and distractions.
Section two: “Best of the Best” cultures – quantitative results

Chart two

The "Best of the Best" Ideal Culture Profile (CEOs)

N=34

Inspiring leadership is highly Constructive
This profile illustrates the “Best of the Best” leaders’ Ideal vision for their cultures.

Specifically, this profile describes behaviours that should be expected of employees to maximize their motivation and performance, and the long-term effectiveness of their organizations. This Ideal profile, representing thirty-four Canadian CEOs, specifies strong norms for the Constructive styles, weak norms for the Passive/Defensive styles and moderately weak norms for the Aggressive/Defensive styles.

When compared to the “Best of the Best” Canadian Organizations’ Current Profile (Chart three, below), note that the gap between Current (present day reality) and Ideal (vision) is quite small. On average, a considerably wider gap is the norm.
Section two: “Best of the Best” cultures – quantitative results

Vision becomes reality
with Canada’s “Best of the Best” organizations

Another impressive finding is that the current operating culture profile of The Best organizations approaches the Ideal in that it not only accentuates the Constructive styles but also de-emphasizes the Defensive styles—both Passive and Aggressive (Please see Chart three for comparison).

On the Passive side, the Best organizations downplay expectations and requirements for members to do things just to be accepted (Approval), follow the rules and fit into the mold (Conventional), simply do what they’re told (Dependent) and cover up mistakes and problems (Avoidance).

Similarly, the Best organizations keep in check pressures for Aggressive behaviors such as pointing out flaws (Oppositional), taking charge and demanding loyalty (Power), outperforming one’s peers (Competitive), and striving to attain narrowly defined and unrealistic objectives (Perfectionistic).

As indicated by The Best’s Ideal Culture Profile, these Aggressive behaviors can be functional in moderation; however, they run counter to performance as they become pervasive and dominate an organization’s culture.

Vision becoming reality
Chart three

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Section two: “Best of the Best” cultures – quantitative results

Canada's Best of the Best versus typical North American organizations

Canada’s “Best of the Best” organizations boast highly Constructive cultures that value goal attainment, individual growth, supportiveness and teamwork - in principle and in practice.

But the typical North American organization shows significantly stronger Aggressive / Defensive cultures - and weaker Constructive cultures - indicating a greater value is placed on command and control, confrontation, competition and other potentially counter-productive attitudes and behaviours. (For comparison, please see Chart four).

And The Best organizations performed better in a third cultural style as well, Passive / Defensive. The culture of the average North American organization implicitly values and promotes conformity, stability and compliance - even if the stated value suggests otherwise. This particular Defensive style is often described as “inertia” and viewed as the enemy of market share, customer service and quality, among other organizational “vital signs.”

So the cultural norms established by the leaders of The Best organizations clearly are more positive and more likely to lead to better quality, adaptability and sustainability - as well as superior financial performance.
The Best Canadian organizations outperform typical North American organizations
The typical organizations show relatively strong extensions along the Aggressive/Defensive styles and weaker extensions along the Constructive styles. The cultural norms established by leaders in these companies are more Defensive, which will adversely impact prosperity.

When comparing both this profile to "Best of the Best" Canadian profile, the results reflect attitudes and behaviours from the leadership. However, the Canadian profile is attributable to enlightened leadership styles of their CEOs, as well as their efforts to implement structures and systems that are consistent with their values that communicate and reinforce Constructive behaviours. Significantly less Constructive, more Defensive leadership styles are expressed in this Comparative Group of 70 typical North American companies.
More Constructive cultures = higher earnings

A more thorough analysis comparing The Best organizations and typical companies clearly shows financial benefit to having a more Constructive culture.

The typical companies are visibly less Constructive and more Defensive than those for The Best organizations. Within this typical comparison group, however, differences existed: some organizations had more Constructive cultures than others.

Importantly, the more Constructive organizations realized higher earnings than the less Constructive ones. Also, the more Aggressive organizations experienced greater volatility in earnings over the three-year period considered.

These results indicate Canada’s The Best organizations are likely to achieve relatively higher earnings - and do so more consistently - than competitors with cultures showing opposite tendencies.

These quantitative findings are reinforced by evidence provided by many CEOs themselves through one-on-one interviews.
Section three: the walk around

The walk around: 
let's see how things are done around here

How are “things done” in The Best organizations? How are members expected to approach their work and interact with others, and what types of behaviors are discouraged or considered to be unnecessary?

The bottom line is that The Best organizations promote a balance of positive task-oriented and people-oriented behaviors. Goals and tasks are emphasized but not at the expense of people, their needs, cooperation and interpersonal support. In contrast, The Best organizations get things done by emphasizing people and directing their interests and efforts toward the goals of the organization.

Analysing the "Best of the Best" results on the circumplex we find the following attitudes and behaviours:

Achievement and Humanistic-Encouraging Styles (Constructive). The two styles that most strongly characterize the Best organizations are Achievement and Humanistic-Encouraging. These styles, task- and people-oriented respectively, have been found in various studies to be strongly related to performance outcomes such as effective problem solving, high quality products and services, and member satisfaction and motivation. Achievement norms within the Best organization encourage members to act like owners and really know the business. They are expected to work toward a standard of excellence and, in doing so, gain a sense of personal accomplishment. Goal setting, planning, and rationality are emphasized at all levels of the organization.

Norms and expectations for Humanistic and Encouraging behaviors complement these task-oriented Achievement norms. As a matter of course, members are expected to provide each other with support and encouragement and apparently view this as a legitimate part of their roles. Similarly, an emphasis is placed on active listening, integrative and collaborative conflict resolution, and participative decision-making. Importantly, people within the Best organizations believe that it is their responsibility to help others grow, develop, and perform their jobs better. This emphasis on training and coaching most likely benefits not only the recipients of advice and consultation but also those providing it.

Affiliative and Self-Actualizing Styles (Constructive). Almost as strong is the priority placed on Affiliative and Self-Actualizing behaviors within the Best organizations. Affiliation is the norm, with a particular emphasis on dealing with people in a friendly and pleasant manner and using good human relations skills. Importance is placed on people.
Section three: the walk around

Furthermore, cooperation and teamwork are expected and rewarded. This pattern of interpersonal relations creates an inclusive atmosphere within the organizations, one that is comfortable for and attractive to members. At the same time, these seemingly “soft” styles promote the business by enhancing communication, cooperation, and the coordinate of the interdependent activities of members.

Norms and expectations for Self-Actualizing behaviors are also of above-average strength in the Best Companies. Possibly most significant, members of these organizations are expected to maintain their personal integrity and do even simple tasks well. This concern for doing things right, which most likely reflects the value placed on ethical behavior by leaders, translates not only into social responsibility at the system level but also high quality products and services. Additionally, creativity and independent thinking is the norm and members are expected to communicate and share their ideas. Finally, more so than is the case in the average organization, members of the Best Companies are expected to enjoy their work.

Perfectionistic and Oppositional Styles (Aggressive/Defensive).
Expectations for Perfectionistic and Oppositional behaviors are about average in the Best Companies. While these norms are stronger than those for the other Defensive styles, they are not as prominent as those for the Constructive styles. Some pressures are reported for such Perfectionistic behaviors as persisting and enduring, keeping on top of everything, and appearing competent. In contrast, the more stressful and counter-productive trappings of perfectionism are downplayed (e.g., setting unrealistically high goals, never making a mistake, and viewing work as more important than anything else). Though the norms for perfectionism in the Best Companies may be stronger than optimal, they are driven by a concern for quality rather than an obsession with unreasonable and unattainable standards.

Similarly, the Oppositional style, which also is of moderate strength, manifests itself in quality-oriented rather than confrontational ways in these companies. People are expected, at least to some extent, to keep an eye open for mistakes, to bring attention to them, and to do so in an objective manner. Similarly, some questioning of decisions is expected. However, Oppositional behaviors that are more confrontational and critical are not welcome. Little value is placed on opposing new ideas, being hard to impress, or refusing to accept criticism. Overall, the Oppositional and Perfectionistic norms in the Best Companies, though stronger than ideal, are used selectively and are potentially efficacious given that they are complemented by strong Constructive norms.
Section three: the walk around

Competitive and Power Styles (Aggressive/Defensive). Expectations for Competitive and Power-oriented behaviors are somewhat weaker than average in the Best Companies. On the Competitive front, members are encouraged to be “winners.” Pressures to outperform others and to be “seen and noticed,” though not strong, may be felt. Even weaker are implicit requirements to turn one’s job into a contest and compete rather than cooperate. These modest pressures for Competitive behaviors are only slightly stronger than what is considered to be ideal; most likely, they promote an atmosphere of “healthy” competition but are not sufficiently strong to promote conflict or create silos within the organizations.

Expectations for Power-oriented behaviors are slightly weaker than are those for competition. Moderate pressures are felt to demand loyalty, act forceful, and to use the authority of one’s position. While such expectations may be part and parcel of empowerment initiatives, requirements for more controlling behaviors (like maintaining unquestioned authority and personally running everything) are less prevalent. Overall, Power-oriented behaviors are emphasized more than the members feel they should be in the Best Companies. Nevertheless, this style is one of the weakest on the profile and its absence (rather than presence) is a defining characteristic of the Best Companies.

Approval and Conventional Styles (Passive/Defensive). Though below average relative to the typical organization, these styles are somewhat more prevalent in the Best Companies than their members deem to be ideal. There are moderate pressures for Approval-oriented behaviors such as staying on the good side of others, being a “nice guy,” and backing up those in positions of authority. Strong expectations for Humanistic and Affiliative behaviors possibly spill over into the Approval domain and are interpreted in ways that accentuate acceptance and harmony. Nevertheless, Approval norms in the Best Companies are too weak to interfere with differing and constructive conflict—for example, members do not feel pressures to agree with everyone or to switch priorities simply to please others—and thus detract only marginally from performance.

Conventional norms are weaker than Approval norms though, again, stronger than what would be considered ideal. Members report and apparently respond to moderate pressures to make a “good impression,” always follow policies and practices, and to fit in. (The latter may be related to the strong cultures of these organizations.) However, members do not feel that it is necessary to accept things the way they are and to reject ideas that could lead to change or improvement. Thus, expectations for Conventional behaviors appear to be tied to the socialization of members rather than to maintaining the status quo. As such, these Defensive norms are not likely to suppress flexibility or adaptability as they do in other, less successful, organizations.
Avoidance and Dependent Styles (Passive/Defensive). The Best Companies minimize pressures for both Avoidant and Dependent behaviors. Though, again, norms for these styles are not as weak as members would prefer, Avoidance and Dependent are the behaviors that are least likely to be observed in the Best Companies. Members do not feel that they need to wait for others to act first, be evasive, or “lay low” when things get tough. Nor do they feel pressures to make decisions that are popular rather than necessary. There is a perceived need to push certain decisions upward, though not as pervasive as in other organizations. Overall, the Best Companies effectively minimize pressures for the type of self-protective behaviors that ultimately would interfere with their ability to get things done.

The weakest norms and expectations with the Best Companies, relative to other organizations, are those for Dependent behaviors. Employees at all levels, while sensitive to the need to check certain decisions with superiors and to meet expectations, are not constrained by the hierarchy, a lack of autonomy, or a fear of stepping out of line. They are able to make decisions, question or challenge decisions made at higher levels, and are not put in the position of having to follow orders they feel are wrong. These weak norms for Dependent behaviors effectively translate into reality the avalanche of popular books on empowerment and employee involvement—which in other organizations are followed more in word than in practice.
Trends within the Best of the Best: What's the impact when some are more Constructive than others?

The 43 companies we surveyed were selected from those chosen as one of “Canada’s 50 Best Managed Companies,” the “Top 100 Companies to Work For in Canada,” and/or Hewitt Associate’s “Best Employers in Canada.” The companies selected for these most informative lists are carefully screened and evaluated along an array of important criteria involving,

- Strategy, capability, commitment, and financial success
- Physical workplace, work atmosphere and social factors, employee communications, and related human resource factors
- CEO philosophy, workplace practices and programs, and employee engagement
- Increased emphasis on brand, culture and expansion into global markets
- Use of technology to improve production and processes
- Customer value enhancement through distribution and channel partners

The results presented in this report generally validate the surveys and screening techniques used to select the companies for these lists. As reported above, the data from the OCI confirm that the companies are very good, if not excellent, organizations. The composite profile of their cultures clearly shows that the norms operating within these companies are more Constructive than Defensive. In fact, the overall profile indicates that, on the average, these 43 companies have a sufficiently productive and adaptive culture to be included in the “Constructive Benchmark.” (The Constructive Benchmark is a group of about 170 organizational units, selected from Human Synergistics research sample of 1000, with predominately Constructive cultures and high levels of employee satisfaction and service quality.)

Notable differences exist

However, though the composite OCI profile for the Best organizations is clearly Constructive, there are some notable differences among the 43 companies surveyed. Some are clearly more Constructive and less Defensive than others. (Please see Chart five). This is not surprising in view of the fact that there are many reasons that a company might be selected for one or more of The Best lists.
Section four: trends within the “Best of the Best”

One of our objectives, however, was to identify the type of culture that characterizes companies that excel with respect to both employee satisfaction and the quality of their services and products. To this end, we took a closer look at the quality of service and member satisfaction data we collected through the use of the OCI.

We screened the 43 companies to identify those with reported levels of service quality and member satisfaction that were both at or above the “Constructive Benchmark” standard in the OCI data archive. An impressive 70% (30 of the 43 Best Companies) met this standard. The remaining 13 organizations had either member satisfaction or service quality scores that were below the benchmark. Though their ratings on these criteria were above our historical averages, they did not excel on one or another of these important measures.

The OCI profiles for these two groups of companies in The Best sample are shown below. The profile for the 30 organizations that meet or exceed the benchmark is decidedly Constructive. While similar in shape to the profile for all 43 organizations, the profile is more Constructive, less Defensive, and closer to the Ideal Profile. The leaders of these companies clearly have created and maintained superior cultures.

The profile for the remaining 13 organizations is significantly different along all 12 OCI styles. The composite profile depicts somewhat of a neutral culture—certainly not negative but not particularly positive. The cultures of these companies are slightly Aggressive, about average along the Passive styles, and somewhat Achievement-oriented but slightly below average on the other three Constructive styles. Overall, their cultures are more task-oriented than people-oriented and not as Constructive as Defensive.

The right path for sustainable success

All 43 organizations surveyed for this project are outstanding along one or more dimensions and provide textbook examples of leadership in action. However, different leaders take different routes and use different strategies in shepherding their organizations to greatness. In some cases, leaders build successful companies by creating cultures that are transformational and adaptive. In other cases, leaders build companies through financial, technological, or strategic means. For examples, they provide their organizations with the advantages of first mover strategies, patents or copyrights, brand dominance, lack of competition, or simply arranging to be in the right place at the right time.

Such advantages can provide organizations with great resources and make it possible for them to grow rapidly, offer their employees excellent benefits and working conditions, and provide clients with high quality service.
Section four: trends within the “Best of the Best”

While these factors may create and sustain a neutral or even positive culture, the success of the organization cannot necessarily be attributed to that culture.

Possibly more importantly, the culture may not be sufficiently Constructive or adaptive to sustain the success of the organization over the long run. This is the long-term competitive advantage enjoyed by the 30 Best organizations with strongly Constructive cultures.

Chart five

Best of the Best: Discerning greatness

In some cases, leaders build successful organizations by creating cultures that are transformational and adaptive. In other cases, leaders build companies through financial, technological, or strategic means. In the latter case, success of the organization may not necessarily be attributable to culture. The cultures described in “Rest of the Best” may not be sufficiently Constructive or adaptive to sustain success, whereas the “Best of the Best” cultures are more likely to enjoy long-term competitive advantage.
Leaders who lead Constructive cultures

Who are these leaders anyhow? What makes them new, better and different than those leading a "typical" organization? Who must they be - and what must they do - to generate such extraordinary results? And how do you develop this type of leadership up, down and across the entire organization?

In our key findings we described a set of characteristics that many leaders shared. In this section we go farther and deeper to uncover the origins of these characteristics, the underpinnings of inspirational leadership. To uncover these underpinnings, we set a course to explore the "human being-ness" of these leaders.

Much has been written on leadership; however, often the insights on leadership are vague and to some degree lacking precision and meaning which would allow better access, understanding and action.

For example, it is common for theorists to extol the importance of vision and communications skills. Their counsel reads something like this: "a compelling vision is vital to success," or "a leader must have exemplary communications skills."

Precise definitions or a contextual understanding of words or ideas like "compelling," "vision," "success," "exemplary," and especially, "communications" often are absent. Interpretations of these words often favour the reader, who will say, "I have a vision," and "I communicate well." Unfortunately, this is a significant blind spot, revealed when dialogue occurs over culture research findings.

Too often, though, we have seen vision articulated as no more than an expression of financial well-being or some vague promise of performance, and communications as a nifty newsletter with quarterly walk abouts. These are ideas and actions which are often well intended, even helpful, but hardly the stuff that creates Constructive cultures on a sustainable basis.

Our report portrays leadership differently. The question we asked ourselves was, "what is an inspiring leader who inspires Constructive cultures."

So, in our one-on-one interviews with the leader we asked,
- who are you as a human being?
- who are you as leader?
- what allowed you to create - or co-create - a Constructive culture of acclaim?
Leaders shared everything from early childhood experiences to relationships they have with their spouses, business partners and mentors. They shared what inspired them, how they refueled and how they confronted fear - and success.

**Like an energy, inspirational leadership ignites and fuels Constructive cultures**

Inspirational leadership is a "vibe." It involves both thinking and feeling. The experience of enlightened leadership involves the seen and unseen, on mental, physical, emotional and spiritual levels. The cumulative impact is either inspirational leadership or something else.

Think of any leader who is universally acclaimed - Gandhi, Gerstner, King, Chouinard, Meir, Havel, the Dalai Lama - and you'll observe that it is both who they are and what they do or did on all of these levels that collectively makes universal impact.

What follows must be seen as initial findings: next year's research will quantify precisely what it takes to be an inspiring leader leading inspired cultures.

We've identified five conditions for inspiring leadership, richly illustrated by many of the CEOs of "the best of the best:"

1. An inspired relationship with themselves
2. An inspired relationship to fear, uncertainty and doubt
3. An inspired relationship to time
4. An inspired relationship with people (employees, customers, shareholders, unions and all other stakeholders)
5. An inspired relationship to truth
Section five: Inspiring Leaders

1. A inspired relationship with themselves

"I am a person, not a CEO"
CEO of a financial institution

After interviewing over fifty leaders, a fairly consistent set of characteristics emerged that we place in this category. These characteristics include

Awareness:
Inspiring leaders are attuned to their inner and outer lives. They live their vision, understand their own gifts and talents, as well as their areas for development. Some reported the need to spend "alone time" to take account for where they are and where they want to go, both personally and for their organizations. They authentic, often humble, human beings who coincidentally are also leaders.

Faith:
Faith is related here to both failure and abundance. Specifically, many leaders have a relationship with failure that does not impede forward movement nor dishearten them and others. They hold failure as a stepping-stone.

Many leaders interviewed initially took on very challenging tasks as they inherited deeply troubled cultures from previous - and far less Constructive - leaders. "Battered children" was how one CEO described the initial experience of meeting employees, a consequence of the former leadership.

Once inclusiveness was established, these leaders turned the organization around through a combination of listening, rebuilding trust, business planning and constantly reminding employees of their collective vision. The faith the leader displayed came from a place perhaps best described by one leader of an auto parts manufacturer: "you just do what you know is right for everybody."

We choose the idea of "abundance" to describe how these leaders see the world; from a "full glass" (as opposed to glass half empty) perspective. Deeply held, constructive principles and values underpin this type of attitude and behaviour. Arguably this is contrary to how much of the world operates.

Courage:
Many leaders possess immense courage, expressed in a variety of ways. Most often it meant courage to reinvent the company to meet the challenge of globalization; the courage to do what is right from a win-win perspective) as opposed to short term quick fixes that would satisfy a few instead of the many.
Section five: Inspiring Leaders

**Humanity and Humility:**
The first words out of one leader's mouth in describing culture were "I have 220 leaders here." Our consistent experience was both the genuine humanity and humility of these leaders. Another leader advocated "balance, not burnout," and along with his partner conceived a highly successful, world-class software company based on the question, "how can we respect human capital and do business?"

**Vulnerability:**
In choosing the idea of vulnerable we intend to convey a deeper meaning than the idea of "being open." Vulnerability is also open heartedness. It is certainly brave heartedness. A willingness to reveal themselves beyond the façade and the "key messages" allows employees to connect with their leader in a different way. Here, employees see the leader as a human being - as well as a leader. We found this "humanizing" of leadership helps cultivate employees own "internal leaders," because they see an example of how to be human and be a leader at the same time.
Section five: Inspiring Leaders

2. An inspired relationship to fear, uncertainty and doubt

Fear is one of the biggest enemies of Constructive cultures. These leaders know how to drive fear out of their cultures.

Inspiring leaders display a remarkable ability to hold an enormous amount of creative tension. Many of those being interviewed were under tremendous pressure - one was involved in a huge merger and acquisition; another was affected by the fallout of disappointing quarterly results. And another was suffering business setbacks and about to release employees.

One measure frequently cited by leaders to manage their own feelings of fear and failure was to ask a question, "what is the worst that can happen here?" After evaluation, even the worst-case scenario was judged manageable, freeing energy to return to focus on moving the business forward.

Several leaders see that authentic cheerleading is among their main responsibilities. Constructive cultures have a buzz within them. To cultivate and maintain that buzz, the leader must be high energy. High-energy leaders generate high energy cultures. This type of authentic cheerleading is experiential: it is also genuine, frequently spontaneous and heartfelt.

One approach used by a leader of a national insurance company combines telling the truth, reassuring people solutions are available and banning despair as fundamental to cheerleading, especially during very challenging times.
Section five: Inspiring Leaders

3. An inspired relationship to time

For many leaders, early childhood and work experiences profoundly informed their leadership. And many focused on the present timeframe with the faith that the future is reasonably secured. Secure with their vision and a plan to deliver it, and grounded with deeply entrenched principles and values that balance people and task, anxiety about quarterly results and other future oriented business pressures were alleviated.

Many leaders shared powerful, moving stories of early experiences that informed their leadership. It was clear that for many, childhood observations and early work experiences became foundations for leadership. For example, one leader learned courage, tenacity and entrepreneurialism by watching his grandfather sell shoes on a street in a part of Africa, eventually becoming the largest shoe distributor within a region of that continent.

Another witnessed his father's leadership and diplomacy skills from the backrooms of a large national clothing chain. The father's boss often berated employees publicly and one day the child witnessed such an occasion. A job was in jeopardy, and the leader publicly humiliated one employee in particular and threatened dire consequences.

After the leader left, the father empathically listened to and calmed the affected employee and still managed to ensure the job was delivered in time and on budget.

On another occasion, the father taught the boy another invaluable lesson. The boy teasingly mocked a "garbage man" for having such a low level job. The father gently stepped in, offering that everyone is important, and without that garbage man, homes and streets would be littered and people would get sick.

In both instances, the child who would become leader saw just how precious human beings are in the workings of business and in life. Today, this leader has established a "university" to support personal and professional development, the first of its kind for this industry in Canada.

We heard several other stories of "don't wants." Many leaders experienced extremely negative leaders early in their careers (mostly Aggressive/Defensive in circumplex terms). The effects were ultimately Constructive, as they informed the emerging leader of how to get the best from people.

The Best Leaders' Constructive relationships with the present and future are best expressed by their commitment to the long term. Even those leading publicly traded companies acknowledged that decisions made to satisfy short-term, quarterly results frequently undermined the long-term well being of
the business. It appeared that this is a learned experienced, honed through trial and error. So committed one leader was to the long-term well being of the company that any employee caught talking about or looking at share price during the work day would be penalized by buying doughnuts for the entire company.

This long term view, then, was not only practiced by leaders of privately held companies.

At some level, an acknowledgement that business operates within universal laws exists among some of these leaders. They operate knowing there's a time to reap, sow, harvest and lay fallow. Managing these changes is also a skill only learned through experience.
4. An inspired relationship with people
(employees, customers, shareholders, unions and all other stakeholders)

"I can introduce you to 220 leaders in here"
CEO of a financial institution

Essentially these leaders see their organizations as a collection of human beings. Many leaders embodied the Golden Rule: "Do unto others as you would have others do unto you." One particularly inspiring leader said he asks one question: "What's the right thing to do for everybody?" This question initiated deep reflection on how best to serve multiple audiences with conflicting needs. Though it was rare to "be all things to all people," he found asking the question opened new possibilities which sparked more inclusive solutions.

Though far from unanimous, many leaders put their employees first on the priority list. As one leader offered, "If you take care of the employees then the business will be taken care of."

Whatever the approach, an unwavering commitment to identifying "win-win" solutions, underpinned these leaders' actions and behaviours. This commitment requires leaders listen not only with their head and heart, but be willing to host alternate, often conflicting, points of view without blame or judgement. This is a high skill and seems to be in abundance with leaders of "Best of the Best" companies.

One key expression of this behaviour is through revenue sharing. Leaders shared many formulas, all designed to reward both individual and collective efforts equitably up, down and across their organizations.

Many leaders regularly open their books and fully disclose all financial results, sharing the good news with the bad.

Although not explored in detail, several CEOs reported "enjoying" special relationships with their boards, characterized by very close collaboration, even mentoring. This relationship built deep trust, which proved vital especially during times of significant transition and turn around.
Section five: Inspiring Leaders

5. An inspired relationship to the truth

These leaders understand and practice rigorous honesty. Far away from "spin" and counter to combat, these leaders wanted to receive the truth just as much as they offered it.

We were struck by their dogged determination to understand the truth, share their truths and improve relationships and business.

Rigorous honesty is one of the most frequently cited cornerstones of inspiring leadership. Leaders consistently sought the truth by seeking out and listening to all stakeholders. They embraced the truth, even when it was about them. This commitment builds trust, promotes risk taking and liberates creative energy.

Defensive organizations inhibit rigorous honesty. People would rather hide and run for cover than tell the truth about what's really going on out of fear. Rigorous honesty is encouraged in Constructive cultures, because these leaders understand that their organizations will thrive based on the valid information rigorous honesty provides.

Countless stories were told about crises handled using truth as a lever for change and successful resolution. One CEO of an Ontario company credits honesty for resolving the following situation: the company spent millions on a new product only to discover that their innovative idea was quickly copied by larger multinationals. Instead of blaming poor planning and market research, they refined the product and adapted it for another industry entirely, and secured a lucrative contract with a global player within that industry.

To be clear, discernment is required about what truth is and isn't. It is proactive, forthright, candid and even heartfelt accounting of a situation. Along with improved results, diverse thoughts and feelings are hosted, relationships are preserved.

"What truth isn’t is a blunt instrument intended to destroy, gore or fragment. However it is frequently manipulated with this result," said the CEO of a national transportation company.

Many of The Best leaders seem to practice heart-to heart communications, where sharing both the good and the not so good about themselves, the situation and other high-risk topics are encouraged. One CEO, an inspiring head of a chain of hotels, developed this ability early in his career when he learned the benefit of listening to the truths about his leadership from angry bellhops he was supervising at the time. This informed his leadership on many levels, including creating an open and inclusive culture where exchanges about what's really going on are encouraged as daily practice.
Rigorous honesty is an extraordinary and very challenging skill to master, because the intention is to maintain constructive relationships while dialoguing over the toughest, often personal, matters. In other words, "going to the heart of the matter" means honesty about the proverbial "dead, white elephant in the middle of the boardroom table."
Conclusion

*Inspired culture drives prosperity.*

*Inspired leaders drive inspired culture.*

We set out to test our hypothesis: Culture impacts performance, and leaders impact culture. Our results quantify the impact leadership and organizational culture has on prosperity.

The measure and scale of the impact has a profound effect on financial performance, stakeholder relationships, brand and many other key organizational performance measures.

The relationship between leadership, culture and their impact on prosperity is a missing link in leadership development and day-to-day practice. Our research illuminated the relationship and defined the link to guide the reader to achieve prosperity by any measure.

We hope these findings will be of service to you.
# Canada’s Best of the Best

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Appendix A: “Circumplex” definitions

Participants’ responses to the Organizational Culture Inventory (OCI) measurement instrument were mapped onto a “circumplex,” which divides culture into three distinct norms or sectors and 12 underpinning attitudes and behaviours. Definitions for each follow:

Constructive Cultural Norms

(11:00) An Achievement culture characterizes organizations that do things well and value members who set and accomplish their own goals. Members of these organizations set challenging but realistic goals, establish plans to reach these goals, and pursue them with enthusiasm. Achievement organizations are effective; problems are solved appropriately, clients and customers are served well, and the orientation of members (as well as the organization itself) is healthy.

(12:00) A Self-actualizing culture characterizes organizations that value creativity, quality over quantity, and both task accomplishment and individual growth. Members of these organizations are encouraged to gain enjoyment from their work, develop themselves, and take on new and interesting activities. While self-actualizing organizations can be somewhat difficult to understand and control, they tend to be innovative, offer high-quality products and/or services, and attract and develop outstanding employees.

(1:00) A Humanistic-Encouraging culture characterizes organizations that are managed in a participative and person-centered way. Members are expected to be supportive, constructive and open to influence in their dealings with one another. A humanistic culture leads to effective organizational performance by providing for the growth and active involvement of members who, in turn, report high satisfaction with and commitment to the organization.

(2:00) An Affiliative culture characterizes organizations that place a high priority on constructive interpersonal relationships. Members are expected to be friendly, open, and sensitive to the satisfaction of their work group. An affiliative culture can enhance organizational performance by promoting open communication, good cooperation, and the effective coordination of activities. Members are loyal to their work groups and feel they "fit in" comfortably.

Passive/Defensive Cultural Norms

(3:00) An Approval culture describes organizations in which conflicts are avoided and interpersonal relationships are pleasant - at least superficially. Members feel that they must agree with, gain the approval of, and be liked by others. Though possibly benign, this type of work environment can limit organizational
effectiveness by minimizing constructive "differing" and the expression of ideas and opinions.

(4:00) A Conventional culture is descriptive of organizations that are conservative, traditional, and bureaucratically controlled. Members are expected to conform, follow the rules, and make a good impression. Too conventional a culture can interfere with effectiveness by suppressing innovation and preventing the organization from adapting to changes in its environment.

(5:00) A Dependent culture is descriptive of organizations that are hierarchically controlled and non-participative. Centralized decision making in such organizations leads members to do only what they're told and to clear all decisions with superiors. Poor performance results from the lack of individual initiative, spontaneity, flexibility, and timely decision making.

(6:00) An Avoidance culture characterizes organizations that fail to reward success but nevertheless punish mistakes. This negative reward system leads members to shift responsibilities to others and to avoid any possibility of being blamed for a mistake. The survival of this type of organization is in question since members are unwilling to make decisions, take action, or accept risks.

Aggressive/Defensive Cultural Norms

(7:00) An Oppositional culture describes organizations in which confrontation prevails and negativism is rewarded. Members gain status and influence by being critical and thus are reinforced to oppose the ideas of others and to make safe (but ineffectual) decisions. While some questioning is functional, a highly oppositional culture can lead to unnecessary conflict, poor group problem solving and "watered-down" solutions to problems.

(8:00) A Power culture is descriptive of non-participative organizations structured on the basis of the authority inherent in members' positions. Members believe they will be rewarded for taking charge and controlling subordinates (and being responsive to the demands of superiors). Power-oriented organizations are less effective than their members might think; subordinates resist this type of control, hold back information, and reduce their contributions to the minimal acceptable level.

(9:00) A Competitive culture is one in which winning is valued and members are rewarded for out-performing one another. People in such organizations operate in a "win-lose" framework and believe they must work against (rather than with) their peers to be noticed. An overly competitive culture can inhibit effectiveness by reducing cooperation and promoting unrealistic standards of performance (either too high or too low).
Section seven: Appendices

(10:00) A Perfectionistic culture characterizes organizations in which perfectionism, persistence, and hard work are valued. Members feel they must avoid all mistakes, keep track of everything, and work long hours to attain narrowly defined objectives. While some amount of this orientation might be useful, too much emphasis on perfectionism can lead members to lose sight of the goal, get lost in details, and develop symptoms of strain.
Appendix B: Best of the Best research methodology

To understand the relationship leadership and culture had on performance, we chose award-winning organizations based on the assumption that they likely have more Constructive cultures. Quantitative and qualitative research would allow us to uncover and understand a precise value and nature of this relationship. Project planning and implementation started in May and finished November 2003.

Organizations were selected from Canada’s distinguished, standardized and respected research reports: “Canada’s Top 100 Employers, 3rd Edition” “Canada’s 50 Best Managed Companies, 2002” and “Hewitt Associates Top 50, 2002.”

A total of 61 Canadian organizations representing virtually all parts of the country participated in one or both phases of the research. CEOs from all 61 organizations were interviewed in phase one. 43 of those companies went on to participate in the quantitative research, conducted by our research partner, Human Synergistics / Center for Applied Research (HS/CAR), University of Illinois in Chicago.

CEO interviews
The CEO meetings consisted of a 60-90 minute personal interview with specific questions ranging from vision, leadership style to personal history, goals and aspirations for themselves and their organizations. Except for a very few, all interviews were “one-on-one” which promoted greater freedom to share more intimate details of their leadership.

Quantifying culture
CEOs’ were given the choice to continue the research by quantifying their culture in order to identify and measure underlying attitudes and behaviours and to see if they support the CEO’s vision and goals. There were two parts to this second phase

1. CEO completed an OCI Ideal profile. The OCI Ideal accurately measures the leader’s vision of the culture. The context for answering the questions was “what type of culture is required for present and future success?”
2. Randomly selected employees completed the OCI Current profile. It measured the attitudes and behaviours employees believe are allowed and necessary to exhibit in order to “fit” into the organization.

Sample size for the OCI Ideal was obviously n=1, since an “Ideal” is the vision of the leader. Sample size for the OCI Current varied: between n=7 and n=35, with an average of n=20, which was enough to indicate trends.
Ideal and Current surveys were completed either online through the HS/CAR secure web site or via the HS/CAR paper-based form. (Paper was used in some situations where computer skills were lacking). Answers were strictly confidential and computer scored.

**Reporting process**
A final report was presented to the CEO of each participating organization. The report contained four sections:

1. Feedback from the CEO interview
2. Results from their Ideal Profile
3. Cumulative results from their company’s Current profile
4. Analysis, observations and recommendations based on comparisons between
   - Ideal and Current profiles
   - Those profiles and other participating Best of the Best cumulative Ideal and Current profiles

All data for both the OCI and the OCI Ideal were analyzed in terms of mean, standard deviation, percentile score, intensity (based on standard deviation), percentage gap and mean gap.
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The wisdom of First Light

First Light PMV Inc. is an Institute for leadership, culture and prosperity.

First Light PMV Inc. moves leadership and culture to greatness. Day to day, that means we help leaders keep promises using proven, transformative measures and processes.

The results of our work allow leaders to ensure their promises - such as financial, brand, stakeholder and quality, to name just a few – may be made with the assurance they'll be kept.

All work is informed by academic rigor, corporate practicality and cross – cultural wisdom. All consultants embody Gandhi’s mantra, “be the change you want,” so intuitive insights are sourced and understanding offered as we ourselves have walked the path of change alongside many organizations.

From this deeper knowing, we work with organizations to design and implement plans for systemic and sustainable improvements through our metrics, communications, dialogue and coaching practices.

Our Institute is comprised solely of accomplished leaders who worked in and with organizations small and large, public and private, domestic and international.

Our work contributed immensely to bolstering profit, performance and profile for our clients, through IPO’s, turnarounds, mergers, branding, revenue growth and entrenched market leadership.

Measuring and moving the relationship between leadership and culture to bolster prosperity underpins all our work.

We offer this work to a world the wonders how to be the best and how to do their best.

We offer this work to a world that wonders how to create inspiring organizations, where people and prosperity flourish together.

We offer this work to a world where individual aspirations help manifest collective vision.

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An invitation

The final report of this first of its kind research will be presented at the Conference Board of Canada's event, “Culture: The new benchmark for organizational excellence.” This event will be held in Toronto, Ontario, November 18-19, 2003.

Copies of the final report are available for $95.00 Canadian plus taxes. Please contact

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(Note: Eastern daylight time hours of operation approximately 8:30 am – 5:00 pm)