# casestudy

Top-Down & Bottom-Up: Leadership & Culture Transformation at SERS

Imagine two cultures. In one, employees are comfortable but not challenged. They punch in every day, do their work, but have no clear understanding of how their work contributes to the organization as a whole. Communication is tightly controlled. Feedback from leaders, positive or negative, is minimal. The patriarchal culture leads to a sense among leaders that they need to protect their employees. Everyone follows the cultural dictates of being respectfully quiet when their bosses are talking. There is little room for collaboration between departments or levels in this organization. Eventually, people in this culture just wait to be told what to do.

Now consider another culture. In this culture, collaboration between departments and between levels is ongoing and encouraged. There is a sense of egalitarianism and the Deputy Executive Director has gone on record to say: "there is no one person here who is more important than the organization as a whole." Communication is shared through daily newsletters, department meetings and conversations. Cross-functional teams are used to get work done. Empowerment and accountability are mantras in this environment. Everyone has the responsibility to say, "I have an idea" or "I have a concern." Ongoing feedback is shared informally and through a systematic performance review

School Employees Retirement System of Ohio: Results
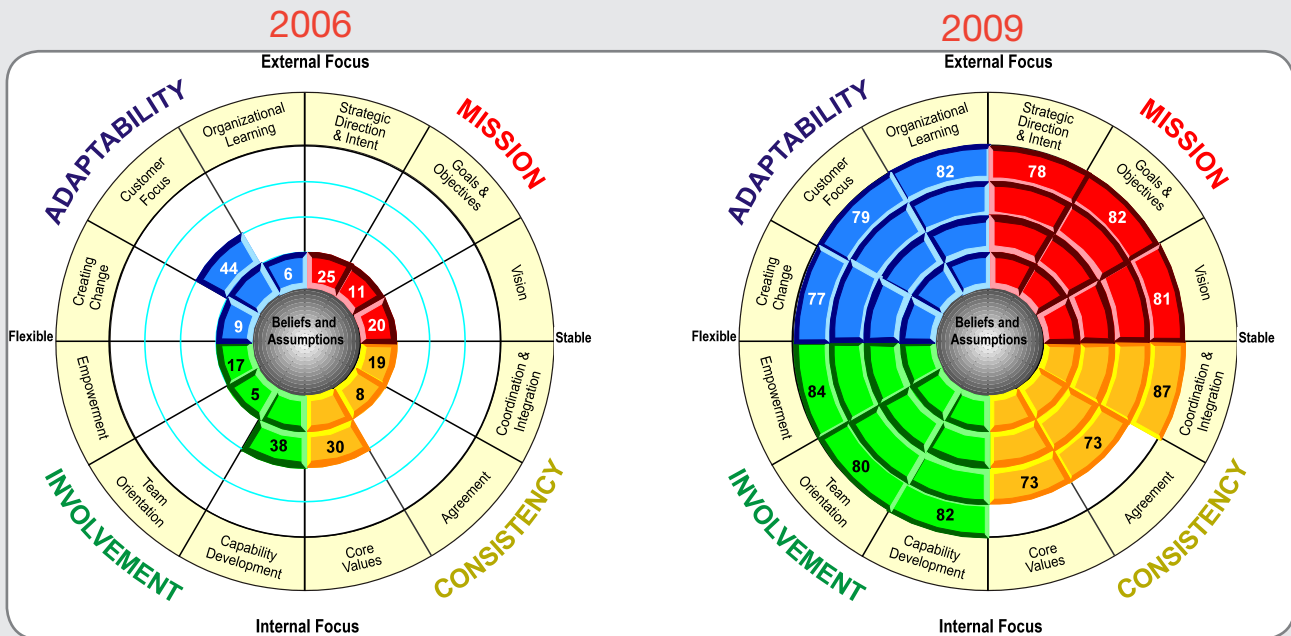
In three short years, SERS made dramatic improvements in their Denison Organizational Culture Survey scores. They measured progress between 2006 and 2009 using the Culture Change Monitor. Increases between full surveys averaged 60 percentile points in each index. Working to balance out top-down management style and involve more bottom-up team work and involvement, the SERS organization realized improvement in many areas of the Denison model.

process. A sense of community is fostered through wellness initiatives, organization-wide events and a robust recognition program. Leaders and employees alike understand their roles and how their work contributes to the mission.

Of these two very different cultures, which would you rather work for? The remarkable thing is, this is the same organization at two points in time. School Employees Retirement System of Ohio (SERS) manages pensions, health care, retirement and other benefits for nearly 185,00 non-teaching public school employees and retirees. Established in 1937, the organization manages more than $9 Billion in assets for its members. When SERS first took the Denison Organizational Culture Survey in 2006, they were living in the first culture. At that point, their profile resembled the proverbial "donut of doom." But three short years and lots of hard work later, they now show a full Denison model profile. How does an organization make this kind of transformation in such a short time?

Where Do We Begin?

When SERS' Executive Committee received their Denison Organizational Culture Survey results in 2006, the process was difficult. Leaders didn't share the results with the staff for several weeks. "I was in denial," says Chris Greely, Manager of Human Resources, "I kept thinking 'that's not my experience.' It was like someone telling you your baby is ugly." Greely and Lisa Morris, Deputy Executive Director, part of the Change Ready Culture Team who sponsors the Culture Survey in the organization, needed some time to come to terms with their results. Overwhelmed and unsure where to start, Greely and representatives from SERS attended the Denison Best Practices Forum held in Dearborn, MI that year, to learn how other organizations moved the needle.

"The biggest thing we took away from that meeting," comments Greely, "was what Dan Denison said, 'You have to start with Mission.' And it was great! We felt like we had some direction." But starting with Mission wasn't all they did. Working through the results, they realized they needed to make some changes in their leadership approach and directives. These changes

would have lasting implications from the bottom-up (Involvement) and fundamentally change not only how leaders interacted with staff but also how staff interacted with each other to get work done. Balancing their formerly very top-down management approach with an inclusive bottom-up approach gave them the structure they needed to transform their culture.

Revisioning the Top-Down Approach: Confronting the Brutal Facts

In 2004, James Winfree and Lisa Morris joined SERS as the new Executive Director and Deputy Executive Director, bringing with them a new approach to a somewhat paternalistic, autocratic culture. Change during these first years was slow. The norms of this culture revered leaders; and conflict, even constructive conflict, was avoided. Leaders had become "untouchables." As a result, many of the executive leadership team hadn't honed their skills in leadership practices, conflict management or team collaboration. This operationally-focused group tended to wait to be told what to do by senior executives.

The 2006 Denison Organizational Culture Survey, however, served as a wake up call for leadership. The objective, research-based results allowed the executive leadership to "confront the brutal facts" as Morris puts it, and quantify what needed to change to move the organization forward.

Focusing on top-down development, the executive team began a journey of leadership development. In late 2006, each member of the executive team took the Denison Leadership Development Survey. As part of the feedback process, they worked with Linda Schaumann Reese, PhD. of Leader OnBoarding to understand their results and create individualized development plans. Morris modeled the process by sharing her own results and action planning with the group openly and invited others to do the same as they were comfortable. "This was development for all of us," comments Morris. They concentrated on strengths and how to leverage what they were good at, as much as on what they needed to improve. Positioning feedback in this way was a difficult shift for the leaders and took some time to work through.

Changing Leadership Group Dynamics

In addition to the individual level feedback and action planning, leadership development became a regular part of their meetings. One meeting every 4 to 6 weeks was devoted to leadership development. In establishing their new leadership culture, they created a set of mutually agreed upon behaviors that the executive team would now live by. These "Rules of Engagement" included behaviors like "Focusing on solving problems, not finding blame" and "Collaboration in every direction." These were not only behaviors they wanted the executive team to live by, but also behaviors they wanted to demonstrate for the rest of the organization.

With the ground rules firmly established, the team began a leadership discovery journey. Previously, many had little opportunity to develop their leadership skills or discuss leadership at that level. Now they read and discussed thought leaders and theories on leadership. They started to practice changing their language of leadership – subtlety changing phrases like "should we let the staff do that?" to "how can we support the staff in that effort?" The development meetings offered them a safe place to practice these kinds of changes and then take them out into the rest of the organization.

The group stopped tolerating bad behavior and low performance. Everyone was held accountable to the ground rules established. Eventually, the few people who did not engage in the new process moved on and this became a turning point for the group. Overall turnover in the organization has decreased since they

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## Measuring Leadership Development in the Executive Team

2006 Self and Combined Other

Self

Combined Other

2008 Self and Combined Other

Self
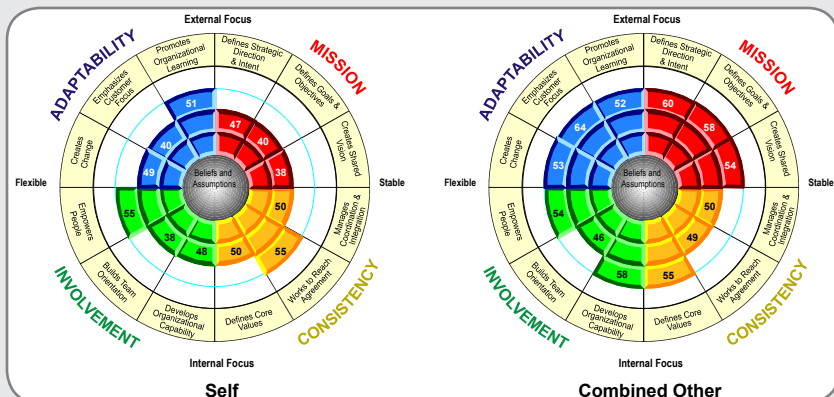
Combined Other

Fourteen Executive Team members took the Leadership Development Survey in 2006 and again in 2008. The Combined Other group (including Bosses, Peers and Direct Reports, and others), shown here, shows statistically significant improvement in 12 out of 12 indexes on the Denison model.

There was a similar pattern in each break out group. The Boss' perception of improvement increased the most of each of these groups. Peers, often the toughest group to please, also showed strong improvement averaging over 10 percentile point in each of the indexes. Creating Shared Vision and Works to Reach Agreement showed the greatest improvement across all rater groups. The impact on this executive team's performance could be better execution toward the company vision, improved problem solving and decision making skills and more collaboration and teamwork in solving organizational problems. The area showing the least improvement was Defines Core Values. It will be important for this team moving forward to be cognizant of the skills in this area.
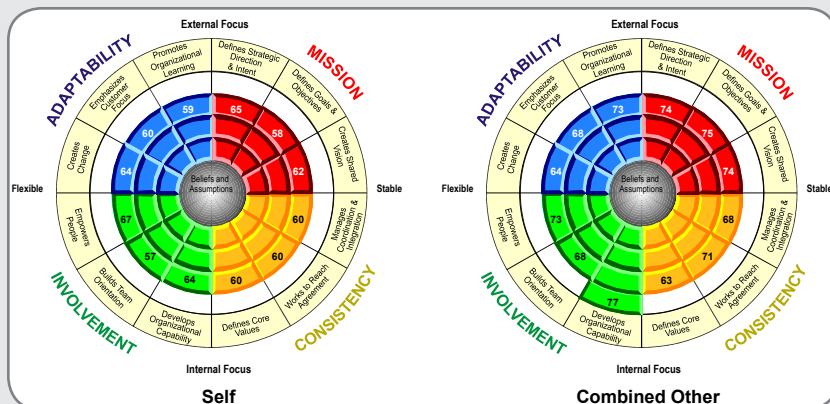
Taking Back Their Values

SERS of Ohio also did significant work focusing on the Mission, Vision and Values of the organization. Working with Sue Eubanks of Strategic Source, SERS established a firm foundation for their culture and cross-functional team work. Working with Eubanks early on, SERS took a hard look at their values. They put their original values aside and brought together a cross functional, multi-level team to re-evaluate their values. "We spent a lot of time gathering information and synthesizing it. While we didn't start with the original values, the values we ended up with were similar. Coming out of that process, however, we had a very different understanding of them. It was a very inclusive process," comments Lisa Morris, Deputy Executive Director.

Member and Retiree Focus
Integrity
Open Communication
Continuous Innovation
Teamwork

stopped tolerating low performers. "What Lisa did was talk people through the process and help them make the right choices," says Dr. Reese. Morris's approach was instrumental in helping executives through the shift – giving leaders an opportunity to adapt to a new way of leadership and then allowing some members opt out of the organization where needed.

Today the difference in the leadership development meetings is palpable. "Now we are a group of colleagues who enjoy thinking abstractly, enjoy discussing and working together," comments Morris. Scores on the second Denison Leadership Development Survey rose as well in 2008. (see Sidebar.) The process became easier and executives began to embrace the idea that investing in their own development benefits others in the organization.

Transformation from the Bottom-Up

The development and changes occurring in the top levels of SERS had implications for how they related with staff and how the staff related to each other. Issues such as working in silos, lack of staff development and lack of communication and trust were all evident in the culture survey results. To address these, SERS also concentrated on the Involvement trait of the Denison model. Creating

cross-functional teams, increasing openness through communication and concentrating on developing staff were all areas where the organization focused their efforts.

A New Way to Work: Cross Functional Teams

Through working as a team in their leadership development, the executive team cultivated a common understanding that they were not the only doers in the organization – at times the leaders' job is to step out of the way. This, along with the strong foundation built with strategy consultant, Sue Eubanks of Strategic Source, helped open the door for the establishment of cross-functional work teams as a primary means to getting work done.

The cross-functional Change Ready Culture Team supported all of the culture survey action planning initiatives for the organization. The mission was to develop a change-ready culture in SERS with focus on things like:

- Developing staff
- Enhancing leadership practices
- Increasing risk-taking
- Eliminating silos
- Fostering cross-departmental collaboration
- Implementing succession planning
- Breaking down barriers

This team oversaw 12 cross-functional multi-level teams created to address specific issues brought out from the Denison Organizational Culture Survey Results. "What the staff has done is just phenomenal – they're focused on what they need to do to get the resources they need – they are feeling empowered," says Lisa Morris. Teams were put together to address things like partnerships with outside groups, quality, rewards and recognition, content management, and performance management. Each team set specific goals and milestones to ensure accountability for their team. "They have been so important for us," comments Morris, "you can't have empowerment without accountability."

Creating Open Communication

In 2006, communication was tightly controlled or ignored. To address this lack of communication, SERS took steps to increase communication and promote a culture of openness. SERS started publishing a daily employee newsletter featuring daily news clips to keep employees abreast of what's going on outside, updates on SERS' community information and events, introductions of new hires and other relevant organizational information.

SERS began publishing team meeting minutes openly for all staff. The executive team began to post minutes from their senior staff meeting, something that was previously never done. They began publishing the highlights from their monthly board meetings and encouraged employee participation in those meetings. "Now we actually have a structured system where we want staff to sit in and understand the whole spectrum of the organization. We have 2-3 employees attend each board meeting." says Chris Greely, HR Manager. Lisa Morris adds, "It helps the staff understand other parts of the organization: to see who the board members are; to see how they behave and how they interact with senior staff; to see what questions they ask and hear the compliments that they give back to the staff – this was information we found never got back to the employees." Small acts of opening up the lines of communication between different parts of the organization have done much

to send the message of an open culture and to provide staff with the necessary information.

Developing Employees

Employee development also presented many opportunities for the changing culture. SERS set out to become an employer of choice in their community. As such, they concentrated on developing employees and started offering several courses for the staff. A SERS University is currently in the works. They also revamped their tuition reimbursement program. Instead of reimbursing people after they've completed a course, they decided to offer reimbursement upfront. This allows employees to take classes that would ordinarily be out of reach financially.

A cross-functional team, headed by Greely, reviewed and evaluated the existing performance management process and found that it was not consistent throughout the organization. They created competency models for each job function. Employees were trained on defining SMART goals, giving them both a sense of empowerment and accountability for reaching their goals. A revised and standardized merit system aligned employee performance with rewards.

A rewards and recognition program was designed to recognize those who go above and beyond their regular job duties to display exemplary personal leadership or deliver exceptional service or performance. Celebrating successes, developing employees and creating a sense of community in the process are now a common part of the culture.

Where Do We Go From Here?

One of the most telling ways in which the culture of SERS has changed between their first full Denison Organizational Culture Survey implementation in 2006 and their second in early 2009 was how they rolled out the results. In 2006, it was several weeks before they shared the results and even then, they only shared the overall circumplex report. "This time," says Morris, "we posted the results the day we got them – we told the staff, 'It's your information, you get to see them when we get to see them and let's work through them together.'"

Full results including all reports and all responses to open-ended questions were posted on the company intranet the day they were received. Printed binders including all reports are available in all common areas of the organization as well. This is not only in an effort to celebrate the tremendous progress they've made, but an honest effort to continue with the open communication and participation of everyone in the organization.

While the results are markedly different, SERS isn't claiming victory and moving on, they are digging in. "Organizations have to figure out for themselves what this means, you can't have someone come in and tell you what to do, which would have been really neat and tidy; the change needed to come from within to be meaningful for us" comments Morris. "With this next round of culture data, we're just now starting to understand what it means and identify the gaps. We realize too that change isn't an event, it's a process, and we have to invest in the long term."

Established in 1937, School Employees Retirement System of Ohio (SERS) manages pensions, health care, retirement, and other benefits for nearly 185,000 non-teaching school employees and retirees. They manage more than $9 Billion in assets for their active and retired members.

www.ohsers.org

A special Thank You to our friends at School Employees Retirement System of Ohio and Linda Schaumann Reese, Ph.D. of Leader OnBoarding for participating in this case study.

Related Resources

Denison Consulting. (2005). *Research Notes: Overview of the Denison Model*. Ann Arbor, MI: Author

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Contact Information

Denison Consulting, LLC
121 West Washington, Suite 201
Ann Arbor, Michigan 48104
Phone: (734) 302-4002
Fax: (734) 302-4023
Email: TalkToUs@denisonconsulting.com

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