

## The Consistency Trait: Can Organizations Have Too Much of a Good Thing?

**Once upon a time, there was an organization that** believed they knew everything about their industry. Founded over 100 years ago, this organization had a long family tradition with firm roots in a comfortable Midwestern town. They manufactured a product that everyone would need at some point in their lives. For twenty consecutive years they were rated by the Wall Street Journal as one of the Top 20 stocks with the best Return on Shareholder Equity and for ten consecutive years they had always paid out the maximum bonuses to their executive team. For all intents and purposes, the 100-year-old Manufacturing Company believed that it would be smooth sailing into a long and prosperous future.

### Paradox: the 100-Year-Old Manufacturing Company

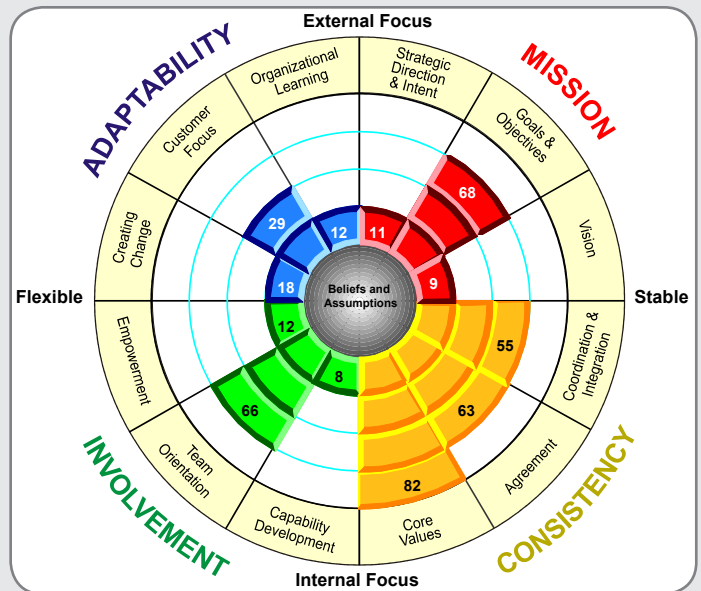
The winds began to shift in their industry, however. An unanticipated, alternative product was introduced into the marketplace. It was the DVD to their VHS. The demographics of their consumer base changed and the market began to diversify in ways they were not anticipating and they missed opportunities to market their product. Profits began to drop, sales growth slowed, and for the first time in 20 years they were not rated as one of the Top 20 stocks with the best Return on Shareholder Equity, nor were they able to pay out bonuses to their executives. Like the United States Post Office contemplating how to adapt to the changes brought about by the Internet, this 100-year-old Manufacturing Company set its sights on increasing efficiency in the things they were already doing. They tried to focus on quality, on processes, on sales, but to no avail. After five years of continued poor financial performance they turned to Denison Consulting to conduct a culture assessment.

By no means was their profile a “donut of doom”, but the culture of the organization was best described as “cheerful compliance.” Results

showed that they were really good at organizing everyone in the organization to work toward meeting short-term goals. They had pride in what they did but were so operationally focused that they did not anticipate the changes in the marketplace. The one strength that was clear in their profile was the Consistency trait, as well as strength in a few indexes such as Team Orientation and Goals and Objectives.

Consistency is the extent to which an organization has the systems and processes in place to be well

### The 100-Year-Old Manufacturing Company



*The 100-Year-Old Manufacturing company was very good at organizing everyone to work toward short-term goals. Their strengths in Consistency allowed them great stability in processes and systems, but their lack of long-term direction for the organization and lack of attention to the external market was a dangerous combination for future health and prosperity.*

integrated, can build and sustain values within the organization, and can reach agreement on key issues that drive the organization's success. These results presented a paradox to the 100-year-old Manufacturing Company: is it good or bad to score really high on one trait and really low on the other three? More specifically: can being highly Consistent have a negative impact on an organization's performance? Consistency represents the organization's capacity to efficiently do what it does over and over. For organizations with strong culture scores on the other traits of the Denison model this should be a good thing, however, for companies that are deficient on one or all of the other traits, scoring high on Consistency may actually be a detriment. These interrelationships were explored in a sample of organizations from the Denison Organizational Culture Normative Benchmark (see Related Resources). In our study, we hypothesized that organizational Consistency would moderate the effect that Mission, Involvement, and Adaptability have on organizational performance.

### Exploring the Effects of Consistency

Our predictions were tested with a sample of 137 publicly traded organizations from the Denison Organizational Culture Database. Organizational performance was measured using financial information gathered through Standard & Poor's Compustat database. Specifically, market-to-book ratio was used as a way of measuring an organization's performance. The market-to-book ratio shows the value of a company by comparing the book value of a share to the market value of a share. The market-to-book ratio is calculated by dividing the market price of the organization (i.e., Stock Price) by the book value (i.e., Assets – Liabilities = Book Value). Essentially, market value is the investment community's expectation of the company's worth.

We used a statistical analysis called hierarchical regression, which allowed us to determine how much of an organization's performance could be explained by the organization's culture. Through this, we determined that Consistency does moderate the effect that Mission, Involvement,

and Adaptability have on market-to-book ratio. Referring to the graphs, Figure 2 indicates that being high in Consistency can have a negative effect on organizational effectiveness when the organization is low on Involvement. Market-to-book ratio decreased for low Involvement organizations as they become stronger in Consistency. Figure 3 depicts the relationship between Consistency and Adaptability. When an organization is low in Adaptability their market-to-book ratio will be similar regardless of whether they are high in Consistency or low in Consistency. But highly Adaptable organizations can actually generate lower market-to-book performance if they are not Consistent. The same pattern of results was also found for Mission (Figure 4) and indicates that being highly Consistent can enhance financial performance when the organization is strong in Adaptability or Mission.

### The Bigger Picture of Consistency

The quote "Insanity is doing the same thing over and over again but expecting different results" is often attributed to Albert Einstein, Benjamin Franklin, or an old Chinese Proverb. Although it is uncertain who should be credited with the quote, the meaning behind it is quite clear. Consistently doing the same thing over and over again within an organization will not yield different results but will produce more of the same. Our findings indicate that, depending on an organization's strengths in other areas of culture, scoring high on Consistency can have a negative impact on organizational performance.

For example, organizations that do not have a clear direction (low in Mission) but are highly Consistent may continue to aimlessly move forward or appear to be chasing too many objectives. Organizations without a clear sense of the marketplace (low in Adaptability) but yet consistently churn out their products or services that aren't meeting the external market's needs will likely struggle to survive in the long run as they watch their market share and sales decrease. Admittedly, organizations in fairly stable markets, or that enjoy a monopoly in their industry, may be able to survive for a longer period of time but as soon as the market changes their internal focus may get the best of them. Lastly, organizations with no clear means for developing

their employees (low in Involvement) but rely on the same training and retention practices will likely suffer from excessive turnover and low employee satisfaction and therefore lose their best people to the competition.

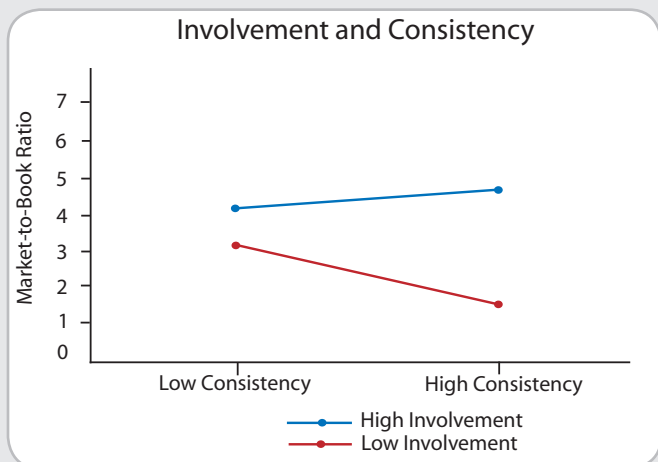
Returning to our example, the 100-year-old Manufacturing Company eventually understood their challenge and began to change the way they do business. They are in business today because they shifted their focus to the market. One conclusion that can be drawn from this research is that, when targeting organizational change efforts, Consistency may not be the first trait that an organization focuses on. While it is important to be good at what you are doing, this has to be coupled with a clear vision for the future and an educated awareness of the marketplace. When

faced with a situation where an organization has a strong operational focus but weak in other culture traits, the best remedy is to shift attention externally and hone in on the Mission of the company. We offer the following recommendations for helping a High Consistency and Low Mission, Adaptability, and Involvement organization make strides toward a better culture:

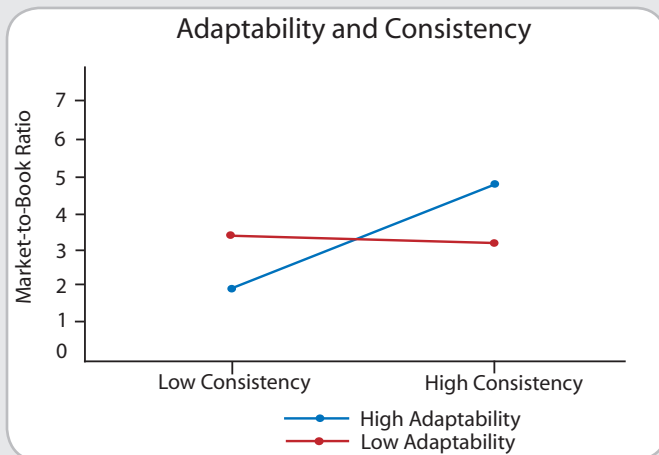
**1. Foster a close relationship with customers.**

Increasing market awareness and customer focus can ensure an organization becomes more aware of what is on the horizon and also how to satisfy the needs of the customer. Sending cross functional teams to learn from customers or competitors is a good way to “mind the gap” between product offering and marketplace expectations.

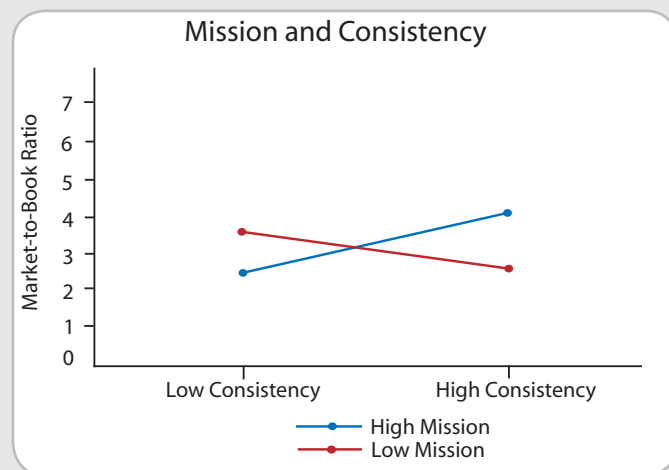
**Figure 2: Involvement & Consistency**



**Figure 3: Adaptability & Consistency**



**Figure 4: Mission & Consistency**



*Using hierarchical regression, our research partner Aaron Schmidt, Ph.D. of the University of Akron, was able to determine that Consistency does moderate the effect that the Denison model traits of Involvement, Adaptability and Mission have on Market-to-Book ratio. High Consistency can have a detrimental effect when Involvement is low (Figure 2). When an organization is low in Adaptability, their MtB ratio will be similar regardless of whether they are high or low in Consistency. Highly Adaptable organization can generate lower MtB performance if they are not Consistent however. The same pattern was found for Mission which indicates that being highly Consistent can enhance financial performance. For further reading, see Dr. Schmidt's paper "Profiles of Organizational Culture: The Variable Effects of Consistency."*

## 2. Retool the Mission.

High Consistency organizations, particularly ones that have operated with the same mission for a lengthy period of time, may want to reevaluate their mission to see if it is still in step with the demands of the market. This is particularly important if the organization is also low in Adaptability because they may have lost sight of what the customer needs. Spending time to refresh the mission of the organization can ensure that it is still relevant in the marketplace and addressing evolving customer requirements.

## 3. Engage employees in the change initiative.

Depending on market conditions, high Consistency organizations may either have problems with turnover or no turnover at all. The 100-year-old Manufacturing company had very little issues with turnover as they were the preferred employer in the town they operated in and average tenure was very high among their employees. Resistance to change is not unusual during any organizational change initiative but can be best overcome in a high Consistency organization if employees are engaged early on in the process to ensure buy-in, commitment, and a smooth implementation of change initiatives.

## 4. Consider what it “means” to be Consistent.

One of the best advantages of a high Consistency

organization is its ability to do things over and over, often-times with flawless execution. But a change agent should also consider what this implies about the character of the organization. High Consistency organizations have a strong focus on systems and processes. As such, a change initiative should also share some of those characteristics. Change should be implemented sequentially, step-by-step, and with as much logic and rationale as possible in order to ensure success.

## Balance is Better

When looking at Denison Organizational Culture Survey results, we often comment that the rule of thumb is “more color is better.” It’s also equally important to remember, however, that “more balance is better.” Based on this research and our anecdotal experience of working with the 100-year-old Manufacturing organization and others like it, it is important that organizations avoid over-emphasizing their Consistency strength, particularly when it is coupled with challenges in Mission, Involvement, or Adaptability. While high Consistency organizations are good at execution and are considered to be highly reliable, it is important to harness their reliability into engaging in systematic change that produces positive results for both the culture and performance.

## Related Resources

Guidroz, Ashley. (April 2009) *Denison Organizational Culture Survey Overview of the 2009 Database*. Ann Arbor, MI: Denison Consulting

Schmidt, A.M., et al. (2009) *Profiles of Organizational Culture: The Variable Effects of Consistency*. Grant report submitted to the Society for Industrial and Organizational Psychology

*This research was conducted with Dr. Aaron Schmidt of the University of Akron, USA. The study was supported by a grant awarded from the Society of Industrial and Organizational Psychology’s Small Grant Research Program.*

## 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](mailto:TalkToUs@denisonconsulting.com)

## Copyright Information

Copyright 2005-2009 Denison Consulting, LLC  
All Rights Reserved.  
Unauthorized reproduction, in any manner, is prohibited.  
The Denison model, circumplex and survey are trademarks of Denison Consulting, LLC.  
Version 2.0, July 2009