Consortium

MACSAN
Santa Barbara, California, USA

IIOSS
Tokyo, Japan

PROBENEFIT CONSULTING
Sarajevo, Bosnia and Herzegovina

Organization Indicator

GROUP REPORT for **Sample**

November 25, 2018

GROUP MEMBERS AND INFORMATION ABOUT DIAGNOSIS

The following report is based on the Individual Reports of 18 managers from XYZ Company.

Company	XYZ
Date of diagnosis	October 15, 2018
Number of Participants	18

List of Participants

1. **Aaa Bbb, Team Leader**
2. Ccc Ddd
3. Eee Fff
4. Ggg Hhh
5. Iii Jjj
6. Kkk Lll
7. Mmm Nnn
8. Ooo Ppp
9. Qqq Rrr
10. Sss Ttt
11. Uuu Vvv
12. Xxx Yyy
13. Zzz Aaa
14. Bbb Ccc
15. Ddd Eee
16. Fff Ggg
17. Hhh Jjj
18. Ttt Uuu

EXECUTIVE SUMMARY

DIAGNOSING AGE

Based on the aggregated results of the group, the company predominantly behaves as being at the **Phase III**,

phase		number of participants
phase #	**phase name**	
I	Foundation	1
II	Development	3
III	Churn	14
IV	Harmony	0
V	Complacency	0

DIAGNOSING ENTITIES

Different entities are diagnosed at different phases.

phase		entity
phase #	**phase name**	
I	Foundation	Reward
II	Development	Technology, Goal, Task, Employee
III	Churn	Environment, market, money, management, infomration
IV	Harmony	
V	Complacency	

DIAGNOSING HEALTH

Out of the total amount of symptoms (80), the group has chosen the following:

health level	amount of symptoms	% symptoms	chosen by
healthy	21	26	from 0 to 2
medium	41	51	from 3 to 7
critical	18	23	from 8 to 18
total	**80**	**100**	**18**

RECOMMENDATIONS BY THE CONSULTANT

[dummy text]

People, the employees and the managers, together with the tasks are the backbone of every organization. When people are hired by a company, they bring in their age, gender, race, ethnicity, religion, education, knowledge, and skills. In one word, they bring in their culture. On the other hand, by starting doing their jobs, people are influenced by and influence the company.

Although there are many behavioral theories about changing the organizational cultures by applying different tools and techniques, the authors strongly believe that the culture of a company depends on achieving the tasks, hence it could be changed through redefining the tasks - the output of performing and the way they are performed. It is again a two-way street, where the task influences the culture and vice versa. So, changing the company's culture starts with appropriate task division and appropriate task assignment to the management and to the employees.

How to change a company toward achieving a "global culture"? The authors believe that the most difficult entities to change is the people - the management and the employees. They bring in their own culture (good or bad) to the company and the only way to influence that culture is by (a) precisely defining what they are supposed to do, and (b) how they are supposed to do that. Simply stated, it is possible through making a good match between people and their tasks. This is the kernel of behavior of the future global company that should be reproduced in any other country.

The authors are not idealists and do not believe that the tasks should be fully accommodated to the specific characteristics of the people. However, they strongly believe that the best results will be achieved if, let's say a typical [A] task will be assigned to a typical [A] person. Thus, the global human resource managers should have on their radar screen three columns: the first column is the people with their dominant [ARCU] characteristics; the third column is the tasks with their dominant [ARCU] requirements; the middle column would be the arena where they will watch the effects of combining different people with different tasks. Of course, this middle column will be ruled by different criteria as the company moves through the lifecycle.

GROUP ASSESSMENT OF THE COMPANY'S MATURITY

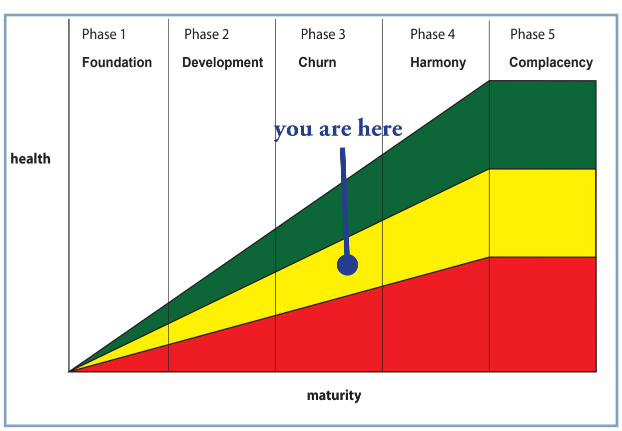
Based on the aggregated results of the group, the company predominantly behaves as being at the Phase III, Transition.

№	Name	Health
	PHASE I, FOUNDATION	
1	Ccc Ddd	
	PHASE II, DEVELOPMENT	
2	Iii Jjj	
3	Ggg Hhh	
4	Mmm Nnn	
	PHASE III, CHURN	
5	Eee Fff	
6	Qqq Rrr	
7	Uuu Vvv	
8	Sss Ttt	
9	Kkk Lll	
10	Fff Ggg	
11	Bbb Ccc	
12	Yyy Kkk	
13	Ooo Ppp	
14	**Aaa Bbb**	
15	Xxx Yyy	
16	Ddd Eee	
17	Ttt Uuu	
18		

DIAGNOSING THE AGE OF THE COMPANY: It is normal for an adolescent to have hair on the body and to shave it. It would be abnormal for a baby to have that hair. As the human being ages, it loses the hair. So, having hair on the body indicates some certain age of the human being. It is the same with businesses: the management focus changes over the lifecycle. At Formation, the focus is on the survival. As the business moves towards Expansion, the focus is on capturing all kinds of opportunities on the marketplace. At some point, some internal fights about getting power over the company starts - that indicates the company is at Transition. Stabilizing internally gives enough space for management innovation ad implementing the best management practices. That is a sign of being at SeiJuku. The moment when the management starts thinking just about its own survival, indicates that the company is at Saturation.

Besides these "present time" indicators, in diagnosing the age of the company we use indicators from the company's recent history - what was happening in the company (usually within the last three years).

These two groups of indicators, combined together, determine the overall age of the business.



Graph 1: Age of the company diagnosed by the team-members

GROUP DIAGNOSIS OF THE MATURITY BY ENTITIES

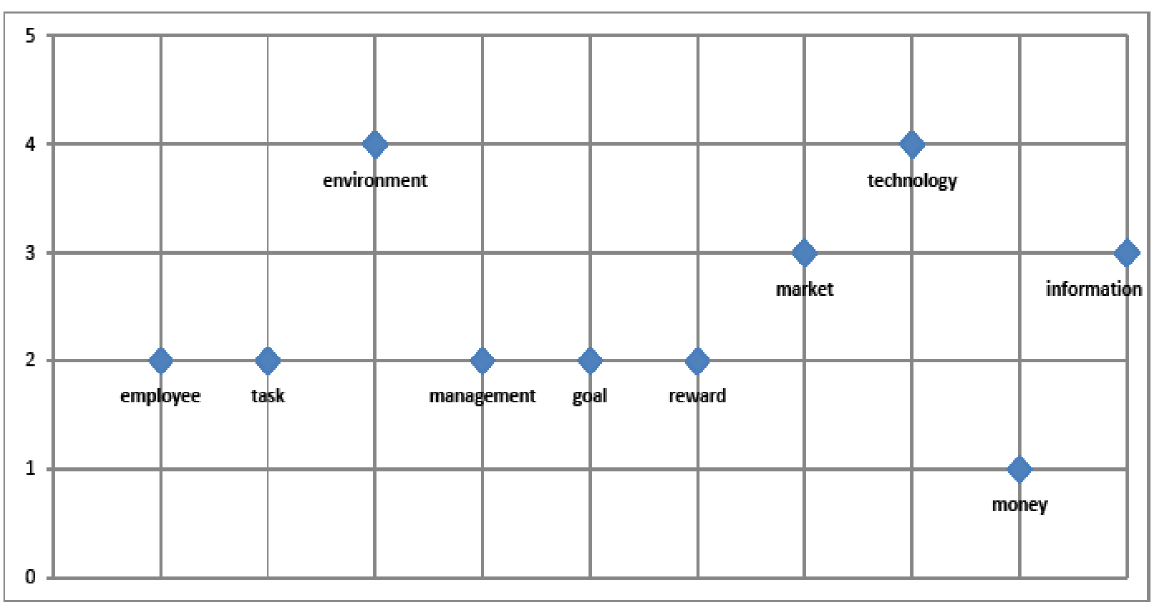
Based on the Group score, we have found that the following entities fall out of the central tendency, which is phase 2 and phase 3:

- **the entity "money" is behind the rest of the company. The group perception is that the company is permanently hungry for cash.**
- **the entities "environment" and "technology" are in their best shape, at SeiJuku: the company operates in a supporting environment and the technology is up to date.**

DIFFERENT ENTITIES DEVELOP AT DIFFERENT PACE: As the human body grows, all its parts and organs grow together. These changes is possible to observe through the changes in characteristics of those parts. It is the same with the businesses: as they develop, the entities grow and develop, too. Changes in their attributes can be captured by special indicators.

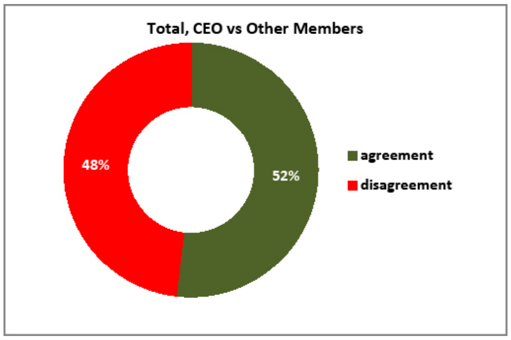
Sometimes, the age of the entities is in synchronization with the overall age of the company, sometimes there is a discrepancy: sometimes technology is "older" than the aggregated age of the company, sometimes it could be ahead of the the overall company. In both cases, some friction occur between the entity and the rest of the company. A very difficult case occurs when the founder is the actual manager of the company and there is a discrepancy between that entity and the rest of the company.

Our Organization Profiler determines the age of each of the ten entities. The indicators used for determining the age, treat the entity in a dynamic way: one indicator has different shape at different stage of the lifecycle: the indicator "market segmentation" is well known from marketing. In almost every book of marketing, you will find that the company has to precisely define the segment that it is going to serve. In reality, for a company at Formation a normal and expected shape of this indicator will be "we are not clear which segment we serve"; for an Expansion, it will be "by opportunity"; for Transition it becomes "based on our capabilities to serve"; for a SeiJuku company, it will be "we always aim a little bit higher than our current capabilities"; for a Saturation, it turns into "we always aim lower than our current capabilities." So, it all depends on the age of the company.



Graph 2: Age by entities diagnosed by the team-members

DIFFERENCE IN ASSESSING THE COMPANY'S AGE



Graph 2: Difference in company's age assessment based on both present and history indicators

DIFFERENCES ARE NORMAL

Our Organization Profiler is designed to diagnose the age of a company by using both present and history indicators. Combined, these indicators serve as a basis to diagnose the company's predominant behavior - whether it acts as a young and growing (Formation, Expansion, Transition, or SeiJuku phase) or as an aging company (Saturation).

It is normal and expected to have some differences in CEO's (or, the Head of the Group) assessment compared to other members' assessment of the company's age - they naturally have different prospectives. However, if these differences exceed certain values, they become a sign of split in perception and, potentially a problem for the company.

Based on the Group score, we have found that:

- **the CEO is in disagreement with the majority of the team members in 48 % of the total number of indicators.**
- **the CEO is in agreement with the majority of the team members in 52% of the total number of indicators**

COMPUTING DIFFERENCES

Step 1: Every team member gets one vote in computing the group results. The CEO (or the head of the group) gets different number of votes, in accordance with the IIOSS standards: the number of his/her votes depends on the size of the group and on the culture (country) in which the company operates.

Step 2: We determine the mode (most frequently chosen answer) for the team members.

Step 3: We compare whether the mode is equal to, or different than the CEO's answer.

Step 4: We count all "agreements" and "disagreements."

referent values

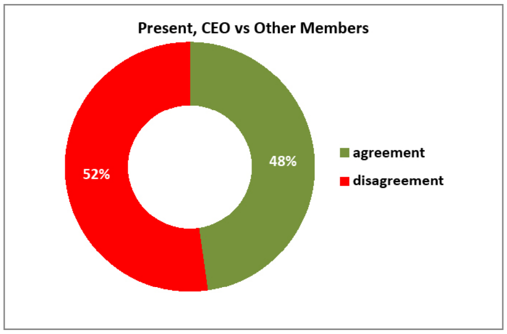
Phase	Acceptable Disagreement
Foundation	45%
Development	35%
Churn	25%
Harmony	15%
Complacency	35%

Table 1: Referent values for differences in assessement CEO vs. Other Members

REFERENT DIFFERENCES

There is no such a thing as a "universal scale of acceptable differences" - it all depends on the age: for companies at Formation and Expansion, it is normal to have bigger gap; as the company moves from Transition towards SeiJuku, that gap is getting smaller and smaller; at Saturation, again, that gap becomes big. In addition to this, in different cultures, we see differences that come from the existing organizational cultures and value systems.

DIFFERENCE IN ASSESSING THE COMPANY'S MATURITY (CONT)



Graph 3: Difference in company's age assessment based on present indicators

DIFFERENCES ABOUT THE PRESENT SITUATION

In the Organization Indicator there are 44 indicators related to the current situation in the company. Based on the results, we have found that:

- the CEO is in disagreement with the team members in 52% of indicators,
- the CEO is in agreement with the team members in 48% of indicators.

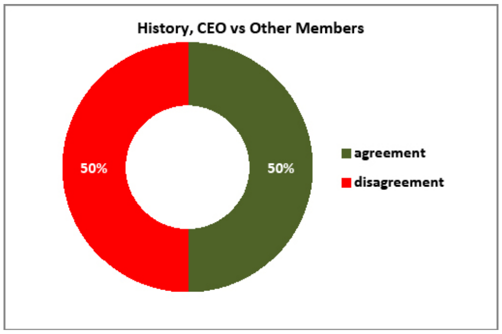
The CEO is in disagreement with the Team Members on the following indicators:

- How do the management meetings in your company look like?
- What is the distribution of power throughout the company?
- What is of highest value in your company?
- When do you collect data throughout the company?
- What are the expectations in the company?
- What is your market orientation?
- What is the attitude of management towards new businesses?
- What is the dominant climate in the company?
- What is the position of your company in its environment?
- How is the Information System integrated throughout the company?
- What is the ratio between sales and profits in your company?
- What is the dominant orientation of the company?
- What is the complexity of the organizational structure?
- What is the situation in Manufacturing?
- How does the company manage the research and development process?
- What is the focus of the training in your company?
- How do the employees document their knowledge?
- What characterizes the managerial decision making process in your company?
- What is rewarded in your company?
- What is the relationship between the environment and your company?
- What is the employees' predominant behavior?
- What does the company do in developing the human potential?
- How does the company manage products?

The CEO is in agreement with the Team Members on the following indicators:

- What is the management focus in your company?
- What is the level of regulations in your company?
- What kind of information do you use in making decisions?
- Who manages your company?
- What is your company's position on the market?
- What is the management attitude towards employees?
- What is the main focus of your company?
- Where does your company spend cash, besides in operations?
- How does the company look like from outside?
- How does the management perceive the changes in the environment?
- How do you pay bonuses in your company?
- How do you organize and store data throughout the company?
- How does the task differentiation look like in your company?
- How is your company structured?
- How is the authority distributed throughout the company?
- What is the attitude of the management towards taking risk?
- How does your organization structure work?
- What is the main source of cash besides the income from operations?
- What is the nature of the main goals of your company?
- What are the employees' expectations?
- Freedom vs. control

DIFFERENCE IN ASSESSING THE COMPANY'S MATURITY (CONT)



Graph 4: Difference in company's age assessment based on history indicators

DIFFERENCES ABOUT THE PAST SITUATION

In the Organization Indicator, there are 10 indicators related to the past situation in the company. Based on the results, we have found that:

- the CEO is in disagreement with the team members in 50% of indicators.
- the CEO is in agreement with the team members in 50% of indicators.

The CEO is in disagreement with the Team Members on the following indicators:

- How much revenue was driven by the new products/new business divisions during the last few years?
- What was the rate of your company's industry growth within the last few years?
- What was the biggest company's information problem in the last few years?
- How did your company do the goal setting and planning, and how the company achieved it in the last few years?
- How the results of the employee training programs in the past few years look like?

The CEO is in agreement with the Team Members on the following indicators:

- What was the most important financial matter in the past few years?
- How did your company approach product development within the last few years?
- How did your boss appraise your performance in the last few years?
- How did the management changes occur within the last few years?
- How was your company structured in the last few years?

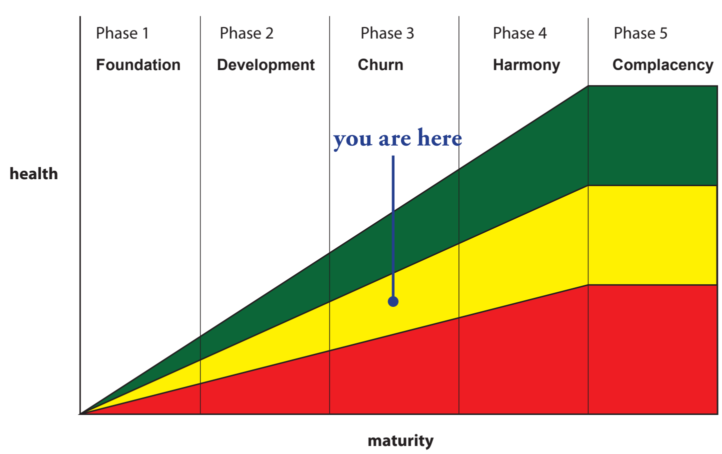
GROUP ASSESSMENT OF THE COMPANY'S HEALTH

Based on the aggregated results of the group, the company predominantly behaves as being at the yellow zone of the Phase III.

DIAGNOSING THE HEALTH OF THE COMPANY: It is normal for the early childhood to have chicken poxes, it becomes dangerous for a teenager, and it is extremely dangerous and eventually fatal for the adulthood.

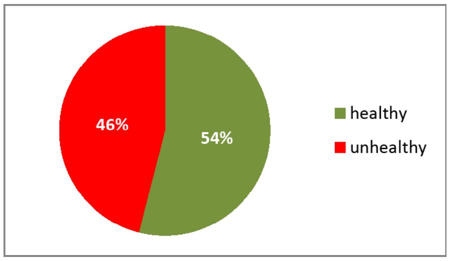
It is the same with the companies: what is somehow normal and interim symptom for one phase, can become dangerous or even deadly for some other phase. Those symptoms that are age-appropriate we call "green symptoms," the age inappropriate symptoms that are not life-threatening are called "yellow" and those that can kill the organization are "red" symptoms. For example , the symptom "we are short in cash is a green symptom for the Phase 1, because the organization at this stage is permanently hungry for cash to finance the production, research and development; it becomes yellow for the Phase 2 because it is to assume that the organization should already has stabilized its cash flow from selling goods and services; and it gets red for Phase 3, Phase 4, and Phase 5, because the organization cannot reach those stages unless it has resolved the cash flow. From this example, it is clear that the symptoms shouldn't be interpreted in a mechanical way but regarding the age of the organization, its location on Lifecycle.

THE AGGREGATED GROUP RESULTS ABOUT THE COMPANY'S HEALTH



Graph 5: Company's health diagnosed by the team-members

THE HEALTHY POINTS OF THE COMPANY



Graph 6: Healthy vs. unhealthy symptoms

Some of the symptoms were either not chosen by anyone in the group or chosen by only one or two group members. We count those as healthy areas in the company.

The aggregated group results show that **43 symptoms** or **54%** of the total number of symptoms fall into this category.

Not chosen symptoms

- Our job descriptions are too detailed.
- We have so many levels in our organizational structure.
- We treat new customers better than existing ones.
- Our business expansion comes from acquisitions only.
- Our employees are only covering themselves.
- We have a lot of finger-pointing in our organization.
- Everyone works everything.
- We are too focused on developing the internal system.
- We often sell product that we don't have yet.
- There is a lot of internal fight.
- We see some manifestations of losing transparency.
- Our management is over-relying on the company's dashboard.
- Our management team is obsessed with their own survival.
- We have a lot of conflicts between decision makers.
- "Whose fault it is" is our primary task.
- We don't have enough financial discipline.
- Our financial reporting is complex.

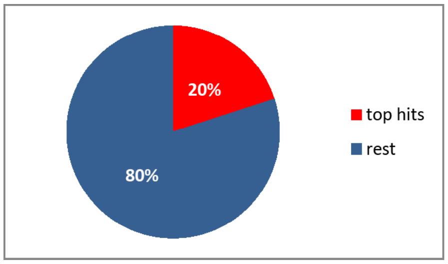
Chosen by one team-member

- Every problem becomes crisis because no one decides but the top management.
- Our productivity measures don't support cooperation between profit centers.
- Our organization chart is unclear.
- We are not able to prioritize our activities.
- The employees begin to lose sense of urgency.
- Data collected from our functional units often are wrong.
- Newcomers are paid more than old-timers.
- There are many confusions about our growth.
- The operations are burdened with too much paperwork.
- We are over-confident.
- We don't have sufficient cost control in our operations as we are not sure who/what a profit center is.
- Our founder doesn't delegate authority to the lower level management.
- Our top-management is not unified around the company's direction.

Chosen by two team-members

- There is no written job description for most of the jobs.
- We have a "go with the flow" behavior.
- We have high-level politics due to unclear decision making process.
- New business development efforts sometimes fail due to inappropriate power allocation and distribution.
- Our Headquarters have excessive power over business units.
- We spend too much energy in dealing with ourselves.
- We reward and tolerate unproductive behavior.
- We have inconsistent goals.
- The public is not yet enough informed of our corporate value system.
- We are too careful of new opportunities coming from the environment.
- We pay much more attention to the revenue than to the profits.
- Our departments/divisions care about their own narrow interests only.
- There is not right balance between centralization and decentralization in our company.

THE UNHEALTHY POINTS OF THE COMPANY



Graph 7: Most frequently chosen symptoms

TOP HITS

There are 16 symptoms that have been chosen in more than 50% of the cases (more than by 5 group members). These symptoms require immediate attention and some solutions to **eliminate** those symptoms have to be found soon.

The list of those symptoms is below.

TOP HITS

Chosen by nine team-members

- Not enough lost-business analysis.
- The founder's priority automatically becomes company's priority.
- Little innovations on ourselves to capture opportunities.

Chosen by eight team-members

- Our products are accepted by the market, but we still have reliability issues.
- It is still difficult for us to recruit and retain creative people.

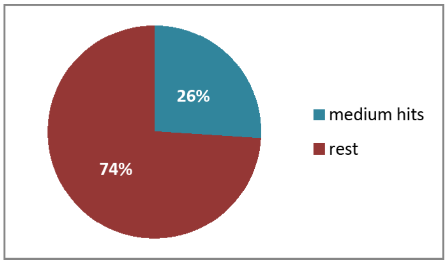
Chosen by seven team-members

- Our employees are worried if the founder lowers his/her commitment.
- We are losing market share.
- We have limited benefit program.
- Our reward system is not aligned with the overall contribution.
- We are over-yielding to clients' demands.

Chosen by six team-members

- The sales department has the leading role in our company
- We don't have sufficient cash.
- Creative people come and go.
- Our meetings are in odd hours.
- We have a big gap between the plan and the actual.
- We don't analyze the reasons for differences in actual versus planned individual performances.

THE ACCEPTABLY-ILL POINTS OF THE COMPANY



Graph 8: Medium frequently chosen symptoms

MEDIUM HITS

There are 21 symptoms that have been chosen three, four, or five 5 group members. These symptoms require attention and some solutions to **relieve** those symptoms have to be found soon.

The list of those symptoms is below.

MEDIUM HITS

Chosen by five team-members
- The employees have doubts if the company will ever achieve its initial vision and mission.
- Our reward system doesn't have flexibility.
- We rely too much on past success.
- The annual plan becomes obsolete very quickly.
- We have inconsistent reward system.
- We are capable in managing static risks but weak in managing dynamic risk.
- The management decisions, although well documented, are not yet accessible for training purposes.
- Our fully integrated information system can provide any data but still not information for decision-making.
- We are not working enough to remain champions on the market.

Chosen by four team-members
- We don't pay enough attention to the feedback coming from outside.
- We are struggling between flexibility and control
- We are losing the entrepreneurial spirit.
- Our operation is not yet data driven.
- Our annual budgets are not synchronized with our long-term plans.

Chosen by three team-members
- We are still unable to manage the Balance Sheet.
- The roles and responsibilities are not clear.
- We frequently sell without enough quality control.
- We often sell at a loss without even knowing it, due to unclear responsibility.
- We have high administrative costs.
- We are scared to experiment with new technologies.
- We have inconsistent sales policy.

MACSAN IIOSS ProBeneFit Consulting