The Dynamic Organizational Model: Its Principles, Implementation Methods and Impact on Corporate Culture

Joseph Lakatos, Western Carolina University, USA
Bethany Davidson, Western Carolina University, USA

ABSTRACT

The Dynamic Organization Model (DOM) provides leaders with a holistic view of an organization and a context for understanding the importance of a customer-focused strategy as well as the foundation for communicating that strategy to associates, while creating a shared context and sense of ownership in customer satisfaction and a shared sense of purpose and pride in their work. This case study explores the core tenants and principles embedded within a DOM, using U.S. Cellular as an exemplar in the implementation of the model and its influence on corporate culture. In so doing, this case study illustrates the methods, benefits, and challenges of adopting and infusing a DOM in an organization, and provides readers with a deeper understanding of the commitment and resources needed to implement large-scale change.

U.S. CELLULAR

Founded in 1983, U.S. Cellular is a public company providing a variety of wireless products and services to a target market of rural and suburban customers (Spears & Jones, 2010; U.S. Cellular, 2014). In 2000, U.S. Cellular was a business experiencing significant problems. According to Jack Rooney, newly hired CEO at the time, there was no unified vision, coordinated strategy, or overarching culture within the organization (Cottrill, 2009), while ethical behavior, customer service, and teamwork were missing from its operations (Stancave, 2010). Unethical behaviour became a paramount issue that year, when, just days after Rooney took on the role of CEO, the Iowa Attorney General filed suit against U.S. Cellular alleging violation of state consumer fraud and credit laws (Young, 2001). The suit was based primarily on consumer complaints that U.S. Cellular had advertised special offers but failed to deliver and had refused to allow consumers to cancel long-term contracts (a practice that was illegal in Iowa) (Young, 2001). Rooney believed that the complaints were due, in part, to U.S. Cellular communicating poorly with its customers (Young, 2001). From 1998 to 2000, the company annually lost 20-25% of its customer-base due to poor customer service (Young, 2001).

Given the troubled state of U.S. Cellular in 2000, it became critical for the leadership of the company to set a new vision and culture, and convince employees, even the most resistant, to believe in the implementation and effectiveness of proposed changes (Cottrill, 2009). The greatest of these changes would be the shift to the Dynamic Organization Model (DOM). With its focus on open and effective communication with employees and customers, the leadership at U.S. Cellular believed infusion of the DOM was the key to the company’s success (Cottrill, 2009). This case study explores the core tenants and principles embedded within a DOM, using U.S. Cellular as an exemplar in the implementation of the model. In so doing, this case study illustrates the methods, benefits, and challenges of adopting and infusing the DOM in an organization.
THE DYNAMIC ORGANIZATION MODEL

The DOM Jack Rooney sought to instill at U.S. Cellular was developed over many years starting at Ameritech Cellular Services (Alleven, 2010; Esler & Kruger, 2008). The foundation of the DOM was the belief that right and wrong are a part of every situation and the same for every person regardless of job title (Esler & Kruger, 2008). The creation of the DOM was also influenced by a Bain & Company project he had been involved in while in his previous position at Firestone (Esler & Kruger, 2008). The results of the project led him to believe that the interaction between customer and front-line worker as critical for a successful retail organization (Esler & Kruger, 2008). A third influence on his development of the DOM was the recession of the 1990s and the changing nature of the employer-employee relationship to one where downsizing and employees continuously proving their worth replaced the social compact that promised loyal workers employment-for-life (Esler & Kruger, 2008).

The first version of what would become the DOM was what Rooney called the “Virtual Organization” (VO). He used the word Virtual because he believed that a strong culture would produce the kind of employee who could work virtually without close supervision; the concept of a “virtual office” was popular at that time (Esler & Kruger, 2008). Later as “virtual” became associated with outsourcing—something Rooney was firmly against—he changed the name to “the Desired Culture”; by the time Rooney started at U.S. Cellular in 2000, the model had evolved into the Dynamic Organization (Esler & Kruger, 2008).

Rooney’s implementation of the Desired Culture at Ameritech Cellular proved successful (Esler & Kruger, 2008). The changes stirred by the Desired Culture led to Ameritech Cellular winning the first of five consecutive J.D. Power Awards for customer satisfaction in 1995 (Esler & Kruger, 2008). Moreover, Ameritech Cellular grew from $450 million to $2.5 billion in annual revenues (Alleven, 2010). In 1996, Rooney moved from Ameritech Cellular becoming President of Ameritech Consumer Services where he also implemented his vision of culture. Some employees loved the changes while other hated them, but by 1999 most of the dissent was over as Ameritech’s Consumer Services division achieved a 9% annual compounded growth rate (Esler & Kruger, 2008).

This success resulted in the company being acquired in 1999 by SBC Communications, Inc. (SBC). While SBC was interested in having Rooney stay, they were not interested in the culture he had built; one of the members of the SBC transition team even commented that “culture is for wimps” (Esler & Kruger, 2008, p. 43). SBC’s disdain not only caused Rooney to reject SBC’s offer to stay on board (Esler & Kruger, 2008), it was the catalyst that lead him to join U.S. Cellular as President and CEO.

Rooney understood that while the components, values, and behaviors he outlined in the DOM were not new, he firmly believed that having the company culture as the strategy was unique (Esler & Kruger, 2008). Rooney’s business model for U.S. Cellular (Esler & Kruger, 2008, p.50):

![Diagram](image)

Over its years of development at Ameritech and U.S. Cellular, the DOM became a collective pattern of principles, values, and behaviors that has at its core, a belief that servant leadership leads to employee satisfaction, which leads to improved customer satisfaction, and better business results (Griffin
U.S. Cellular defined DOM as: “...starting with leadership excellence which creates passionate associates, who in turn deliver the world's best customer service, leading to customer advocacy that produces superior business results. Leaders ensure that associates have the best training and knowledge so they can act freely to make informed decisions on behalf of our customers. We’re guided by our core values of customer focus, respect for associates, ethics, pride, empowerment, diversity and winning. These aren’t just words, they’re words we live by. Together this model has helped us maintain one of the industry's highest customer satisfaction and loyalty ratings (U.S. Cellular, n.d.).

Under the DOM, the company’s role is to provide the leaders, support staff, tools, training, and information to enable front-line associates to provide customers with an ideal experience (Esler & Kruger, 2008). Thus, the DOM provides leaders with a holistic view of the organization and context for understanding the importance of the customer-focused strategy as well as the foundation for communicating that strategy to associates creating a shared context and sense of ownership in customer satisfaction and a shared sense of purpose and pride in their work (Griffin & Gustafson, 2007). Leaders and associates are united as servant leaders seeking to serve customers while supporting one another.

The vision for a Dynamic Organization consists of four parts (Esler & Kruger, 2008, p.46-49):

A. **The Preamble**, setting out the visions of a values-driven organization where the behaviors of every associate reflexively follow from those core beliefs.

B. **Seven Key Components:** (1) associates relentlessly and zealously direct their efforts to gaining, retaining, and serving customers; (2) associates operate close to their customers and are free from the distractions of running the business; (3) leaders passionately display and continuously promote the vision, values, standards of conduct, and achievements of a winning organization; (4) the organization provides a challenging, learning, rewarding experience for those who work in it; (5) the organization is goal driven, not task oriented; (6) the customer’s experience is more important than the product provided; and (7) associates, especially leaders, have a customer’s perspective and the ability to visualize the ideal customer experience.

C. **Six Core Values:** customer focus, respect for associates, empowerment, ethics, pride, and diversity. These represent bedrock, ultimate principles against which any action, any proposal, any decision can be tested. None can be bent or compromised.

D. **Ten Desired Behaviors:** common purpose; passion about the company and our jobs; trust; willingness to learn; openness; motivation by values, not fear; enthusiasm; unselfishness; flexibility; and confidence in the company, its leaders and each other.

**THE CORE OF THE DOM: SERVANT LEADERSHIP**

The DOM has at its core, a belief that servant leadership significantly improves employee and customer, and in turn produces better business results (Griffin & Gustafson, 2007; Spears & Jones, 2010). Servant leadership is a form of ethical leadership focused on empathy and caring for followers (Keith, 2008; Northouse, 2007). The primary motivation for the servant leader is to serve others rather than their own self-interest (Focht & Ponton, 2015; Griffin & Gustafson, 2007; Keith, 2008; Russell & Stone, 2002), reflecting a moral desire and motivation to serve and make life better for others. Attributes associated with servant leaders include having a vision, integrity, empowering followers, being a role model, being encouraging to others, stewardship, commitment to the growth of others, building community (Avolio, Walumbwa, & Weber, 2009; Keith, 2008; Russell & Stone, 2002), behaving ethically (Linden, Wayne,
According to Keith (2008), true servant leadership exists when: “there is a balance of power, the primary commitment is to the larger community, each person joins in defining purpose and deciding what kind of culture the organization will become, and there is a balanced and equitable distribution of rewards” (p. 11).

Servant leaders are distinguished from other leaders by their primary focus and motivation of supporting others with their own self-interest a distant second (Keith, 2008). According to Russell and Stone (2002), a servant leader must model their vision for followers in their behaviour, communicate the vision for the organization effectively, and work with followers to achieve a shared commitment to the vision. A strong vision for a shared future provides followers with a path to realizing their own goals as well as the goals of the organization and a guide to the behaviour necessary to achieve those goals (Kouzes & Pozner, 2002; Northouse, 2007).

Linden et al. (2014), suggest that a servant leader impacts followers not only on an individual level but also by impacting the culture at a unit level. The servant leader acts as a role model, establishing norms and expectations of behavior, and encouraging followers to put other’s needs before their own. This other focus creates a strong serving culture leading employees to work together to meet customer needs thereby enhancing unit performance (Linden et al., 2014).

IMPLEMENTATION OF THE DYNAMIC ORGANIZATION MODEL

During the first six months after senior management agreed to the implementation of the DOM, the team presented its vision and strategy to the company, setting the expectation for how leaders in the organization should support the DOM. Rooney also communicated to front line employees - in his view the most important people in the organization (Van, 2006) - the ethical and leadership behaviour they should expect from their leaders. He also asked that employees come directly to him if their leaders were not behaving in alignment with those expectations, and he would handle it (Cottrill, 2009).

Rooney believed that ethical behaviour needed to be expanded beyond simply the avoidance of breaking laws to include supporting and respecting fellow workers in the organization (Stancave, 2010), a definition firmly rooted in servant leadership (Alleven, 2010; Cottrill, 2009; Esler & Kruger, 2008; Kukec, 2011). As noted at the outset of this case study, unethical behaviour became an immediate issue for Rooney when, the day after he started, the Iowa Attorney General filed suit against U.S. Cellular alleging violation of state consumer fraud and credit laws (Young, 2001). The suit was based primarily on consumer complaints that Rooney believed were due, in part, to U.S. Cellular communicating poorly with its customers (Young, 2001).

Rooney strongly believed in having open and effective communication within the organization and with its customers. He believed soliciting feedback was vital not only for U.S. Cellular’s relationships with its customers, but also for its relationships with its employees (Stancave, 2010). Rooney knew that implementing a customer-focused strategy, would require changing the culture at U.S. Cellular, training employees, and introducing a new model of leadership (Cottrill, 2009).

Rooney sought to shift U.S. Cellular’s strategic focus from acquiring as many new customers as possible to retaining existing customers. He believed that losing 20-25% of their customer-base each year was unacceptable, especially since customers were leaving primarily due to poor customer service rather than issues with the products they were paying for (Young, 2001). As part of the new customer strategy, Rooney proposed screening potential customers to ensure that U.S. Cellular could provide the services the
customer wanted before signing them on as a subscriber. Rooney felt it was better to turn away a customer than to make them unhappy (Young, 2001).

Instituting best practices at U.S. Cellular’s customer service centres (referred to as “call centres”) played an important part in Rooney’s strategy for delivering an excellent customer experience. Rooney instituted several practices that are atypical for call centres, such as limiting the number of customer service representatives (CSRs) at each U.S. Cellular customer service call centre to 400 in an effort to prevent what Rooney called a “hunker mentality” (Vittore, 2005) and providing each CSR with an individual desk rather than hoteling them as is standard practice in the industry (Cottrill, 2009). The U.S. Cellular customer service representative (CSR) training program became a reflection of Rooney’s focus on delivering an excellent customer experience (Vittore, 2005). New CSRs received four weeks of training (Staff, 2003) followed by a period of intense mentoring once they began taking calls (Vittore, 2005). Rooney also instituted evaluation methods for CSRs based on the percentage of subscriber issues a CSR was able to complete on the first call from the customer. Other organizations evaluated CSRs based on the number of calls they could handle within a specific period (Staff, 2003; Vittore, 2005).

Tied to improving the experience of customers was Rooney’s approach of stewardship and partnership with employees, which was reflected in his use of the title “associates” rather than employees. Rooney interacted with associates as collaborators and colleagues working toward a common goal (Alleven, 2010). Rooney created an email address, “Listen Jack”, where any employee in the company could send him feedback or ask questions on anything (Alleven, 2010; Stancave, 2010). Some managers in the company were unhappy with the process and the employee feedback they received and tried to prevent their subordinates from communicating with and sending emails directly to Rooney. Rooney terminated those managers (Cottrill, 2009; Stancave, 2010). Rooney also abolished all internal newsletters in favor of one company-wide communications vehicle, called Dynamically Speaking, which focuses on culture-related events and achievements (Esler & Kruger, 2008).

Rooney knew that it was not enough to simply share his vision, but that it was also necessary to provide training and support to associates who were being asked to make significant changes in how they approached their work and customers (Cottrill, 2009). Rooney realized that it would take time for associates to understand and embrace the new culture and was willing to coach and support associates as they made the transition as long as they were prepared to change (Cottrill, 2009).

**LEADERSHIP DEVELOPMENT AT U.S. CELLULAR**

A critical success factor for the implementation of the DOM at U.S. Cellular was the integration of leadership development into every aspect of the company’s culture (Cottrill, 2009; Stone, 2006). Senior management understood that a culture of servant leadership could not be maintained by their actions alone, but that the employees had to share ownership of and responsibility for maintaining the culture and vision of the organization. In 2002, Rooney launched the “U.S. Cellular Servant-Leadership Workshop” (Spears & Jones, 2010). The workshop, designed in collaboration with the Greenleaf Center, gave frontline associates the opportunity to be assessed for leadership potential (Development Dimensions International, Inc., 2009; Spears & Jones, 2010). In 2003, an assessment was developed to aid in identifying high-performing frontline associates that were potential candidates for store and sales management positions; unfortunately, only 57% of those taking the assessment passed (DDI, 2009). It became clear that the organization needed to improve its leadership development activities as U.S. Cellular’s culture and strategy depended upon leadership development throughout the organization.
Leaders within the organization needed to be working more closely with associates, and the training process needed to be structured more closely in alignment with company values. Instead of the assessment being the gateway to leadership development, all associates needed to have access to training in leadership skills and behaviors. The assessment would then serve to validate the work associates had done (DDI, 2009).

To further the integration of leadership into the company culture, U.S. Cellular launched a new training program Leader of the Future focused on providing frontline employees with the opportunity, leadership development training, and support to move into managerial roles (DDI, 2009). Employees were nominated to participate in the training program with participants attending workshops to learn the competencies that are required for selection as a store or sales manager, completing leadership and workforce development courses, and then receiving mentoring to help them prepare for the assessment (DDI, 2009). Associates who completed the training program and successfully passed the assessment were offered positions as store or sales managers. Associates who completed the training but do not pass the assessment create leadership development plans and continue to receive mentoring to prepare them to retake the assessment (DDI, 2009). A year after the implementation of the Leader of the Future program, the pass rate on the assessment improved to 89% (DDI, 2009).

U.S. Cellular’s integrated relationship of culture and strategy makes promoting from within important as it puts managers in place that are already immersed in U.S. Cellular’s servant leadership culture. In 2009, 90% of leaders within the company had been promoted from within (DDI, 2009). Encouraging, supporting, and facilitating the development of others is a foundational attribute of servant leadership (Cottrill, 2009; Stancave, 2010). Rooney utilized the U.S. Cellular leadership training programs to build a rich pool of associates with the skills and attitude necessary to lead and develop future leaders while at the same time inculcating associates to the principles of servant leadership. However, Rooney did not tolerate leaders who could not make the transition to the new culture. From his first day at U.S. Cellular, Rooney communicated clearly with senior leaders that his culture change would be implemented and that they needed to understand and embrace the new leadership and business model or leave the company (Cottrill, 2009). Rooney estimated that only a handful of the 50 senior leaders he initially introduced to the Dynamic Organization model were still at U.S. Cellular by the end of the transition period to the new culture (Cottrill, 2009; Stancave, 2010).

THE IMPACT OF THE DYNAMIC ORGANIZATION MODEL

The permeation of the DOM throughout U.S. Cellular fostered a culture that supported employees and focused on customer satisfaction (Kukec, 2010). The DOM model provides leaders with a holistic view of the organization and a context for understanding the importance of the customer-focused strategy. Additionally, the model provides the foundation for communicating that strategy to associates creating a shared context and sense of ownership in customer satisfaction and a shared sense of purpose and pride in their work (Griffin & Gustafson, 2007). All members of the organization came to share a common paradigm for how to behave and interact with each other and with customers.

Leaders and associates with U.S. Cellular became united as servant leaders seeking to serve customers while supporting one another. The mantra at U.S. Cellular focused on putting customers first and giving employees the tools, training, and structure they needed to serve the customer and to support their own goals for personal and professional growth and development. In a Dynamic Organization, there
are two bottom lines: (1) economic and financial results, and (2) organizational culture and employee
development (Griffin & Gustafson, 2007).

U.S. Cellular’s competitive position in its industry and its financial position serve as metrics for the
impact of the Dynamic Organizational Model on the organization’s success. Table 1 provides a financial
snapshot of U.S. Cellular’s operations including the number of retail customers, operating revenues, and
annual operating income or losses for 1999, the year before the DOM was implemented, and for 2007
through 2014, spanning the years the DOM was implemented. It is important to note that the DOM was
fully implemented within the company by 2007. The results in the table are one context from which to
evaluate the impact the DOM had on U.S. Cellular.

While financial growth and sustainability are viewed as one measure of a company’s success,
management at U.S. Cellular was more concerned with whether the DOM was having a positive impact
on associates and the leaders in the organization. The company partnered with Kruger’s firm to develop
an annual “Culture Survey” and a 360-degree evaluation process in which the performance of leaders and
their progression towards implementing the DOM were evaluated (Stancave, 2010).

The company’s 2009 annual Culture Survey revealed that of the 90 percent of associates who
participated in the survey, 96 percent felt they were well-trained to do their jobs, 98 percent had a positive
overall opinion of U.S. Cellular and what it was accomplishing, and 95 percent were confident in senior
leadership (Alleven, 2010). The survey validated management’s belief that a DOM, founded on a
collective pattern of principles, values, and behaviours focused on servant leadership, would create strong
employee satisfaction, which in turn leads to improved customer satisfaction, and better business results
(Avolio et al., 2009; Griffin & Gustafson, 2007; Spears & Jones, 2010).

A key component of the DOM at U.S. Cellular is the Culture Survey administered annually; the
survey assesses how well the company and its leaders (anyone supervising three or more associates)
embodies the DOM Values and Behaviors (Esler & Kruger, 2008). Participation rates in the survey
during Rooney’s tenure at U.S. Cellular ranged from 91 to 97% of associates (Esler & Kruger, 2008).
Every issue raised in the survey is addressed and an action plan developed to address it; Rooney’s belief
is that an issue from one year should not reappear as an issue on the next year’s survey (Esler & Kruger,
2008). In addition, to the cultural survey, 25% of employees also participate in small group interviews
asking questions about their day-to-day experiences (Esler & Kruger, 2008). The interviews are used to
provide a deeper understanding of the data from the survey (Esler & Kruger, 2008).

Exploring the development and implementation of the DOM at U.S. Cellular should provide readers
with a deeper understanding of the challenges, commitment and resources needed to implement large-
scale change, as well as the significant benefits the DOM can provide an organization. One area of future
research we will be exploring is the fit between entrepreneurial ventures and the Dynamic Organizational
Model. In particular, we will be researching the common traits of entrepreneurs and whether those traits
are significant factors in creating a dynamic organization. Moreover, we will seek to ascertain whether
the DOM can play a significant role in the success of entrepreneurial ventures, thereby reducing the risks
of entrepreneurial failures and aiding economic development.

REFERENCES

Review of Psychology, 60, 421-449.


Table 1: *U.S. Cellular Total Retail Customers, Operating Revenues, and Operating Income/(Loss) for 1999 and 2007-2015.*

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<td>Retail Customers (in thousands)</td>
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<td>5,798</td>
<td>5,302</td>
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