



# OVERVIEW



STRATEGIC ALIGNMENT



MERGER & ACQUISITION



TRANSFORMATION & TURNAROUND



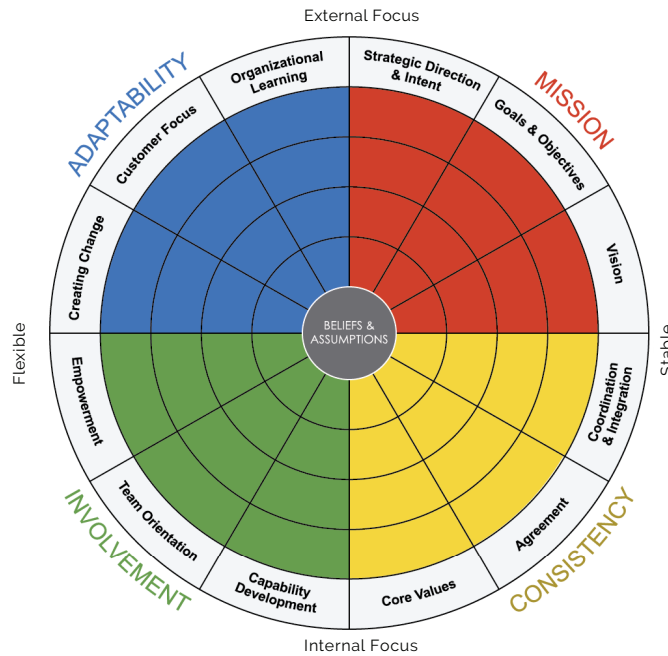
TALENT MANAGEMENT



# INTRODUCTION TO THE DENISON MODEL

## What is unique about the Denison Model of Organizational Culture?

Two unique features make the Denison Model and Solutions stand out beyond all the rest: our research and proven link to organizational performance. The Denison Model provides organizations with an easy-to-interpret, business-friendly approach to performance improvement based on sound research principles. Our Culture Solutions have been deployed successfully in thousands of organizations around the world in a wide variety of situations, from Strategic Alignment to Mergers & Acquisitions to Transformation & Turnaround to New Leader Transitions.



The Denison Model links organizational culture to organizational performance metrics such as Sales Growth, Return on Equity (ROE), Return on Investment (ROI), Customer Satisfaction, Innovation, Employee Satisfaction, Quality and more. The Model and Culture Survey are based on over 25 years of research and practice by Daniel R. Denison, Ph.D. and William S. Neale, M.A., M.L.I.R.

**The Denison Model and Survey:**

- Is rooted in a strong research foundation
- Offers proven reliability and validity
- Provides results compared to a normative, benchmarking database
- Ties survey results to bottom-line performance metrics through statistical analysis
- Applies to a broad spectrum of organizations in a variety of industries globally
- Is translated, localized and deployed in over 50 languages

**About the Denison Model**

The Denison Model of organizational culture highlights four key traits that an organization should master in order to be effective. At the center of the Model are the organization's "Beliefs and Assumptions." These are the deeply held aspects of an organization's identity that are often hard to access.

The four traits of the Denison Model, Mission, Adaptability, Involvement, and Consistency, measure the behaviors driven by these beliefs and assumptions that create an organization's culture. These traits are organized by color and are designed to help you answer key questions about your organization's culture.

**MISSION:**

Do we know where we are going?

**ADAPTABILITY :**

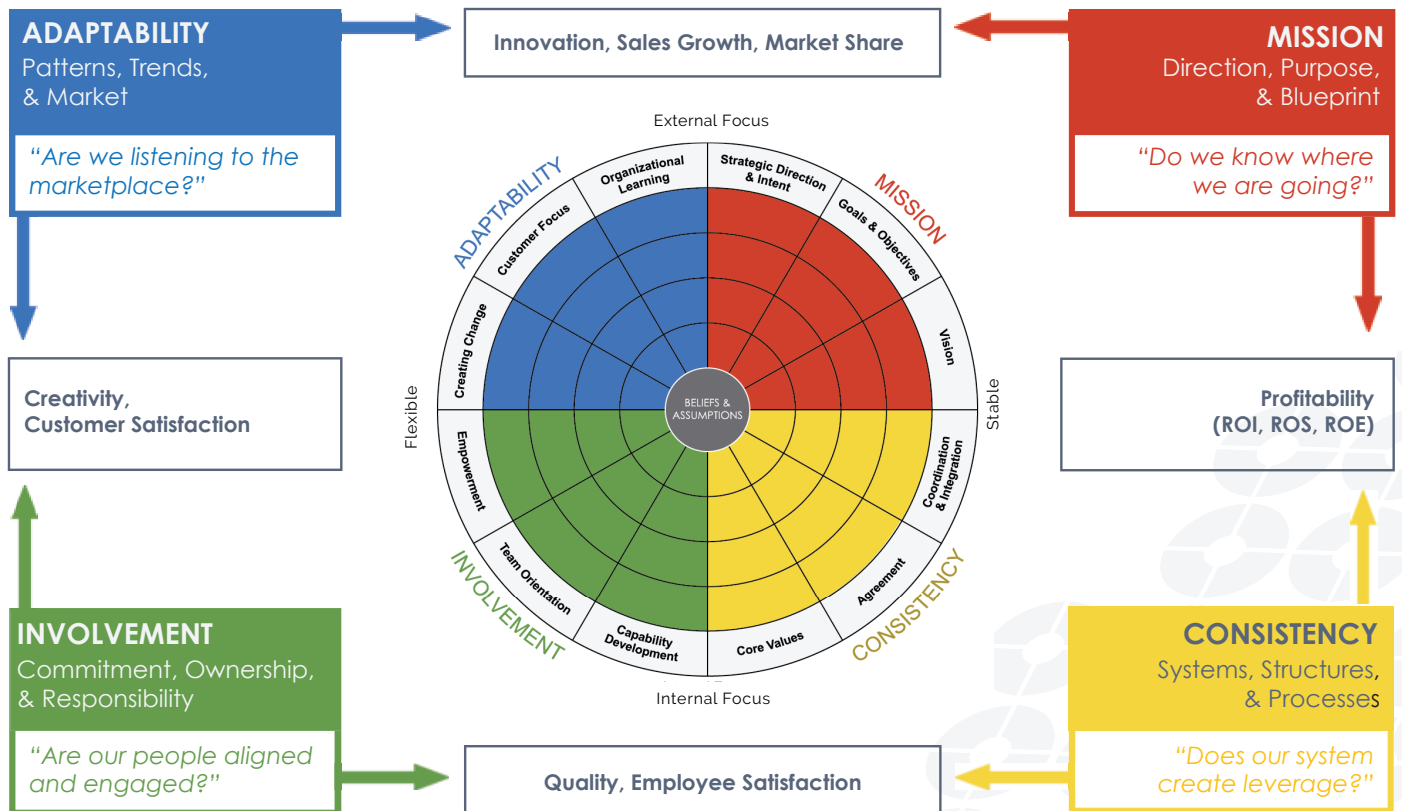
Are we responding to the marketplace/ external environment?

**INVOLVEMENT :**

Are our people aligned and engaged?

**CONSISTENCY:**

Do we have the values, systems and processes in place to create leverage?



Each trait breaks down into three indexes. For example, Adaptability breaks down into Creating Change, Customer Focus and Organizational Learning. Each index is made up of four questions, for a total of 48 questions, on the survey. Each of the four traits is represented by a color on the circumplex model. This color-coding helps to group the related constructs into the four traits and also helps provide visual and intuitive feedback in the reports.

Denison's research has demonstrated that effective organizations have high culture scores in all four traits. Thus, effective organizations are likely to have cultures that are adaptive, yet highly consistent and predictable, and that foster high involvement, but do so within the context of a shared sense of mission. This robust model also splits into hemispheres: Internal/External and Flexible/Stable.

## EXTERNAL FOCUS

### Adaptability + Mission

An organization with a strong external focus is committed to adapting and changing in response to the external environment. It has a constant eye on the marketplace and a strong sense of where it is headed. A strong external focus typically impacts revenue, sales growth, and market share.

## INTERNAL FOCUS

### Involvement + Consistency

An organization with a strong internal focus is committed to the dynamics of the internal integration of systems, structures, and processes. It values its people and prides itself on the quality of its products or services. A strong internal focus has been linked to higher levels of quality and employee satisfaction.

## FLEXIBILITY

### Adaptability + Involvement

A flexible organization has the capability to change in response to the environment with a strong focus on its customers and its people. A flexible organization is typically linked to higher levels of product and service innovation, creativity, and a fast response to the changing needs of customers and employees.



## STABILITY

### Mission + Consistency

A stable organization has the capacity to remain focused and predictable over time. A stable organization is typically linked to high return on assets, investments and sales growth, as well as strong business operations.

There are also two significant dynamic tensions that a successful organization must negotiate. The first, tension between Top-Down and Bottom-Up Management, represented by the Mission and Involvement traits, is important for organizations to understand. To be successful, an organization must be able to link the mission, purpose and goals of the organization to create a shared sense of ownership, commitment and responsibility for its employees.

The second important dynamic tension is the link between Adaptability and Consistency. Successful organizations learn how to balance the dual challenges of external adaptation and internal integration and consistency. In all cases, it is not an either/or proposition. Our experience tells us that the most successful organizations have a balanced profile.

### Interpreting Survey Results

When an organization takes the DOCS, the individual results are aggregated and reported back in a circumplex report. The circumplex report shows a numerical percentile score for each of the 12 indices. The percentile score is calculated based on our global normative database.

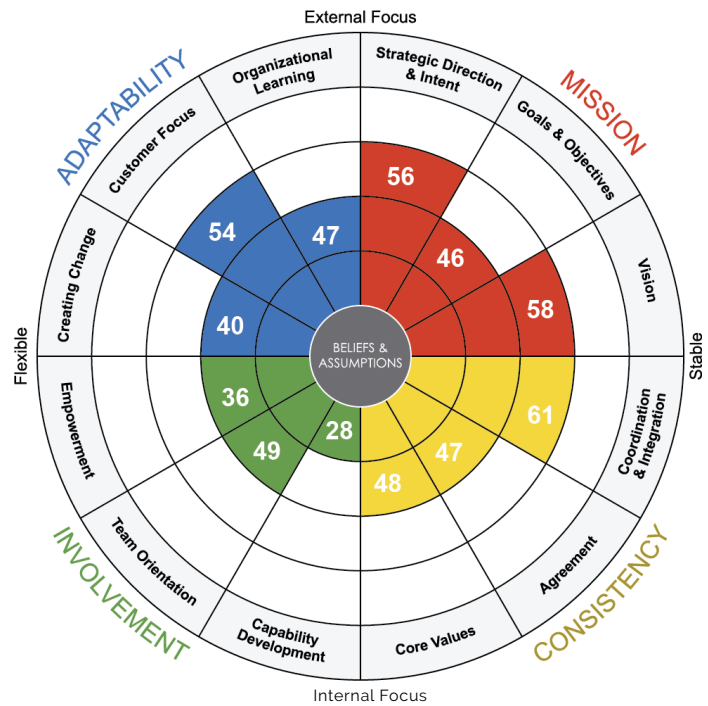
#### In this example:

The sample organization received a percentile score of 58 in the Vision index of the Mission trait. This means that 58% of the organizations in the normative database scored lower than this organization.

The Vision score has three segments of color, indicating that the percentile result falls into the third quartile, whereas the Goals and Objectives index has two segments of color, because the 46th percentile falls into the second quartile.

### Normative Database and Percentiles

Denison Consulting generates your organization's results by comparing them to those of over 1000 other organizations in our global normative database. The percentile scores indicate how well your organization ranks in comparison to the other organizations in the database. For example, if your organization has a percentile score of 94 in the Customer Focus index, that means that you scored higher than 94 percent of the



organizations in the database—making the results easy to understand and interpret.

Using percentiles helps give meaning to the results and helps organizations answer the question: "Is that good?" For example, a raw mean score of 2.5 on an index does not convey much information. However, if that mean translates to a percentile of 34, it tells the organization that this is a vulnerable area that deserves attention.

Percentiles provide meaning and context to the results. Organizations represented in the normative database come from a wide variety of industries and geographical locations. Through our ongoing research, we have found that different industries, from finance to pharmaceuticals, and even different countries, have very similar results to the global database.

## Customization and Reporting

The Denison Organizational Culture Survey can be customized to meet your organization's specific needs. Additional questions can be added in the form of scaled questions, open-ended questions or drop-down questions. The most common customization is adding drop-down demographic questions which we can use to create report segments for your organization. Based on your demographic variables, Denison can create reports broken out for groups such as functional areas, locations, management levels and more. A number of additional reports are available and custom reports can be created to meet your organization's specific needs. Our team of account managers, Ph.D.-level researchers, and consultants can help you create a survey that will give you the information you need to help your organization perform to its fullest.

## Reliability and Validity

Our research makes all the difference. The scales of the Denison Organizational Culture Survey have been examined using reliability analysis, confirmatory factor analysis and predictive validity measures. These analyses indicate scientifically acceptable levels of consistency within scales. They also offer support for the psychometric integrity of the survey and the survey's link to organizational effectiveness. We do this because we want to make sure our results are valid. Our research consistently demonstrates that organizations that score well on the culture survey also score well on other performance metrics.

We are a research-based organization and pride ourselves on the strength of our model and survey. Ongoing Denison research projects are examining the correlation between culture and organizational effectiveness measures, such as customer satisfaction, sales growth, return on investment, gross margin and more. The results show that an organization's culture, as measured by the Denison Organizational Culture Survey, is directly related to its performance.

## Related Resources

- Denison Consulting. (2005, April). *Overview of the Reliability and Validity of the Denison Organizational Culture Survey*. Ann Arbor, MI: Author.
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