



## OVERVIEW

# DENISON ORGANIZATIONAL CULTURE SURVEY INTERPRETATION GUIDE



STRATEGIC ALIGNMENT



MERGER & ACQUISITION



TRANSFORMATION & TURNAROUND



TALENT MANAGEMENT

### Introduction

*"The bottom line for leaders is that, if they do not become conscious of the cultures in which they are embedded, those cultures will manage them. Cultural understanding is desirable for all of us, but it is essential to leaders if they are to lead."*

*Edgar Schein, Ph.D., MIT Professor Emeritus*

*Author and Theorist on Organizational Culture and Leadership*

Every organization has a culture. In recent decades, most organizations have come to understand just how important the health of their culture is to their success. What's more, they are recognizing the need to manage their culture with the same skill and attention they pay to their strategy, financials, and other key performance measures.

However, many organizations are still uncertain how to "manage" their culture. How do they measure it? How do they track it? How do they develop it? Fortunately, The Denison Model and the Denison Organizational Culture Survey are designed to address that uncertainty. The Model and the Culture Survey provide you with a common language and structure to talk about culture in meaningful and productive ways within your organization. Benchmarking your cultural strengths and weaknesses against our global database of organizations allows you to manage your culture, leverage your human capital, and better serve your clients, customers, and key stakeholders.

### What Is in This Guide?

This interpretation guide is designed to help you understand the Denison Model and give you the tools you need to understand your survey results and see how they reflect your performance strengths and opportunities for improvement.

We recognize that there are many facets to culture improvement and change. This guide is not meant to replace a human resources (HR), organizational development (OD), or consulting professional working in or with your organization.

If, at any point in the process, you would like additional information or assistance, Denison Consulting is happy to assist you in identifying the appropriate resources to meet your specific needs.

### Who Is This Guide For?

We designed this guide for the culture facilitators and leaders in your organization. You may be a senior executive in the company, an HR/OD professional, a team lead, or an external consultant to an organization. Your objective is to understand how the organization's culture is supporting or hindering its ability to achieve the organization's strategies and goals, and to facilitate the changes necessary to achieve high performance. Your charge may be to: "take the pulse" of the organization, aid in a turnaround, facilitate the merging of two (or more) cultures, establish a baseline for the effectiveness of your human capital, or help a new CEO or senior executive understand the effectiveness of the organization or group that he or she is now leading. Whatever your goal, our intent is to help you navigate this process and provide you with some tools that will assist you on your journey.

### Why Culture Matters

In this section, you will learn why understanding culture and proactively managing the culture of your organization is an important strategy to your organization's success.

### What Is Culture?

Simply put, Culture is "the way things are done around here." An organization's culture is the beliefs, values, and behaviors that the group has adopted over time as a way to survive and succeed.

**Why does culture matter to your organization?** We all know subconsciously that culture matters because we experience its effects on performance every day. Let's look at some examples that demonstrate organizational culture:

**Example 1:** "Oh, just ignore those. We're supposed to fill them out, but I don't know how, and nobody checks."

### What's the cultural message?

- Rules aren't followed
- Training is inadequate
- There's no feedback loop to inform decision-makers

**Example 2:** "We all stay late if there's a deadline. Bosses, temps, even the cleaners sometimes pitch in."

### What's the cultural message here?

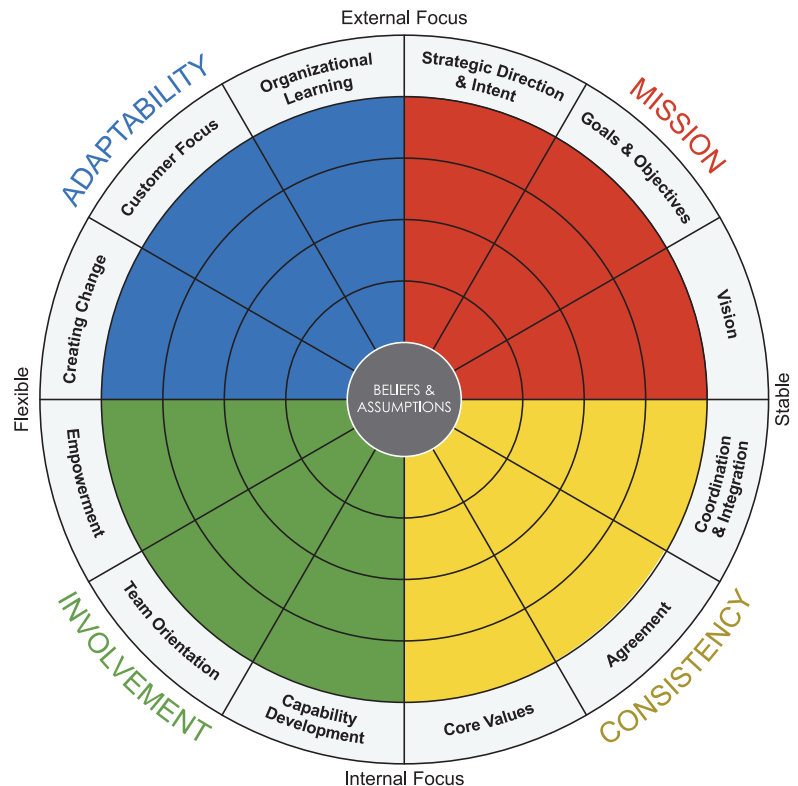
- Everyone feels like they make a difference
- People work well in teams
- Everyone understands what they need to do to achieve success for the company

These two examples demonstrate how culture can make or break any strategy, system, or structure that your organization has in place. Leaders aren't carefully managing their culture; their culture will develop on its own, and will indeed manage them. However, when people in the organization believe that culture matters, they will be cognizant of it and work to maintain the good elements and make changes to the counterproductive elements.

## The Denison Model

In this section, you will learn the basics of the Denison Model and what it can tell you about critical aspects of your organization's culture.

The Denison Model is based on over two decades of research linking culture to bottom-line performance. The Denison Model was developed by Dr. Daniel Denison, formerly of the University of Michigan Stephen M. Ross School of Business, and currently Professor of Organization Development at IMD - International Institute of Management Development in Lausanne, Switzerland. Dr. Denison's research focuses on the link between organizational culture and bottom-line performance measures such as profitability, growth, quality, innovation, as well as customer and employee satisfaction.



## Beliefs and Assumptions

At the center of the model are "Beliefs and Assumptions." Each of us has deeply held beliefs about our organization, our coworkers, our customers, our competitors, and our industry. These beliefs and assumptions, and their associated behaviors, determine the culture of an organization. The Denison Model and Surveys allow us to surface the underlying belief and assumptions in a culture by clarifying and measuring the behaviors that they produce.

## Traits and Indexes

The Denison Model answers four key questions about your organization:

**Mission:** Do we know where we are going?

**Adaptability:** Are we listening to the marketplace?

**Involvement:** Are our people aligned, engaged, and capable?

**Consistency:** Do we have the values, systems and processes in place to execute?

These are the traits in the Denison Model. Each of these organizational traits is broken down into three indexes. These indexes describe the behaviors associated with the trait in business language to make the results both relevant and actionable in your organization. Let's take a closer look at each index.

## MISSION

Defining a meaningful long-term direction for the organization

### Indexes:

#### Strategic Direction & Intent

Do employees understand the strategies identified by the organization; and do they think the strategies will work?

#### Goals & Objectives

Are there short-term goals that help link what employees do on a day-to-day basis to the strategy and vision of the organization? Do employees understand how their job fits in?

#### Vision

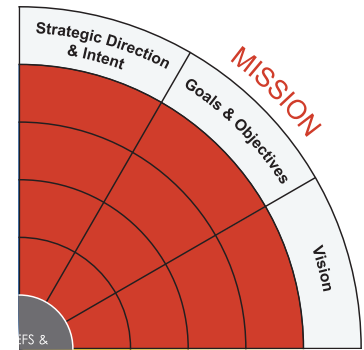
Do employees share a common desired future state for the organization? Do they understand the vision? Does it motivate and excite them?

### Patterns Within Mission:

**When Goals & Objectives are higher than Vision and Strategic Direction & Intent.** Organizations that do a better job of defining and tracking goals than of defining a vision for the future and clarifying current strategic goals are likely to have employees who are working on short-term goals without the energy and enthusiasm that comes when they know why those goals are there.

**When Strategic Direction & Intent is lower than Goals & Objectives and Vision.** Organizations that have not clarified the strategic link between the vision of the future and the day-to-day goals often create a sense among employees that the organization is not headed in the right direction. Lacking the “why” behind the “what,” people believe that the things they are doing will not achieve the overall mission—and cynicism develops.

**When Vision is higher than either Strategic Direction & Intent or Goals & Objectives.** Organizations that have a much clearer vision than either strategic direction or goal orientation are likely to have trouble with implementation. People in these organizations are usually passionate about the purpose of the place, but do not believe that they are able to fulfill that purpose.



## ADAPTABILITY

Translating the demands of the external environment into action

Indexes:

### Creating Change

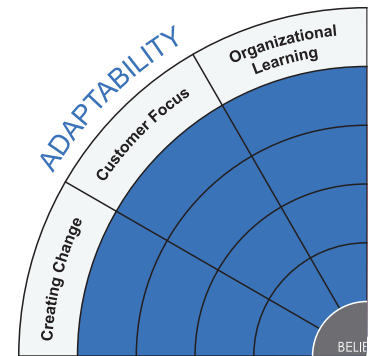
Can employees read the external environment and react to trends and changes? Do employees constantly look for new and improved ways to do their work?

### Customer Focus

Do we understand the needs of our customers? Are employees committed to responding to their ever-changing needs? Is customer focus a primary concern throughout the organization?

### Organizational Learning

Is importance placed on learning in the workplace? Do we create an environment where reasonable risk-taking and innovation can occur? Do we share knowledge across the organization?

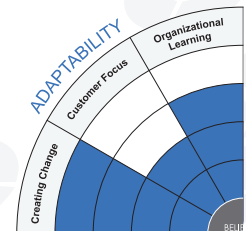
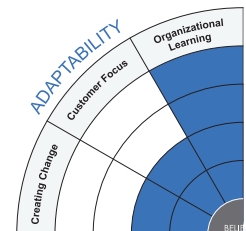
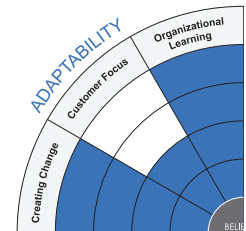


Patterns Within Adaptability:

**When Customer Focus is lower than both Organizational Learning and Creating Change.** Customer Focus requires two things: awareness and responsiveness. When an organization scores low on Customer Focus, it is usually because one or the other of these things is missing.

**When Organizational Learning is higher than Creating Change.** Some organizations put a strong emphasis on learning, but do not have the ability to translate that learning into actual changed behavior. Changing what you are doing demands more than understanding. It requires commitment, skills, and coordination among varied interests, which is often difficult to obtain.

**When Creating Change is higher than Organizational Learning.** When an organization shows scores that are lower in organizational learning, and higher in creating change, we often see an organization that is less grounded, and more reactive than it should be. It is likely to be quick to say "yes" to customers, but be challenged by following through with that commitment.





## INVOLVEMENT

Building human capability and creating a shared sense of ownership and responsibility throughout the organization

### Indexes:

#### Empowerment

Do employees feel informed and involved in the work that they do? Do they feel they can have a positive impact on the organization?

#### Team Orientation

Is teamwork encouraged AND practiced in the organization? Do employees value collaboration and feel mutually accountable for common goals?

#### Capability Development

Do employees believe that the organization invests in them and that their skills are improving? Is the organization's bench strength improving? Does the organization have the skills it needs to be competitive today and into the future?

### Patterns within Involvement:

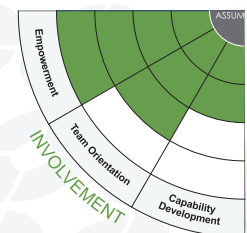
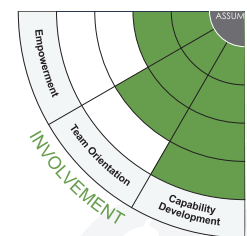
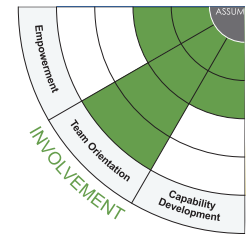
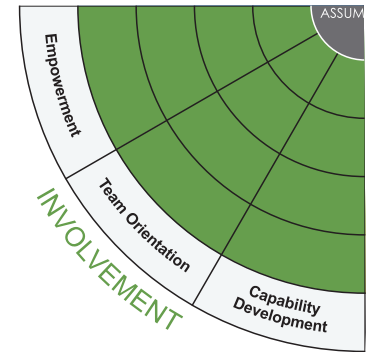
**When Team Orientation is higher than either Empowerment or Capability Development.** For real teamwork to flourish in an organization, a number of things must be in place. People need to have the appropriate skills and be able to use them; and they must be given the information and authority necessary in order to do their jobs. When these critical elements are missing, Team Orientation is simply a belief or a collection of words, which doesn't translate into actual teamwork.

#### When Capability Development is higher than Empowerment.

Training and skill building can take the place of true empowerment. When confronted with issues that appear to relate to skills—their misuse, under use, or lack—leaders often respond with skill-building initiatives without digging for a full understanding of the root cause of the problem. And when skills are built without accompanying empowerment, people become frustrated and cynical because they see the response as a "quick fix" and consider the decisions to be misguided.

#### When Empowerment is higher than Capability Development.

In some organizations, capabilities lag behind empowerment. This is a situation that can prove dangerous, as people are given permission to act without the necessary tools and skills to do so in a responsible way.



## CONSISTENCY

Defining the values and systems that are the basis of the culture

### Indexes:

#### Core Values

Do employees share a set of values that create a strong sense of identity and a clear set of expectations? Do leaders model and reinforce those values?

#### Agreement

Is the organization able to reach agreement on critical issues? Can employees reconcile differences in a constructive way when problems arise?

#### Coordination & Integration

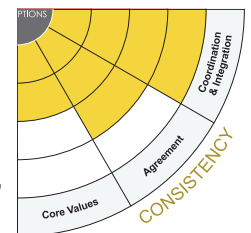
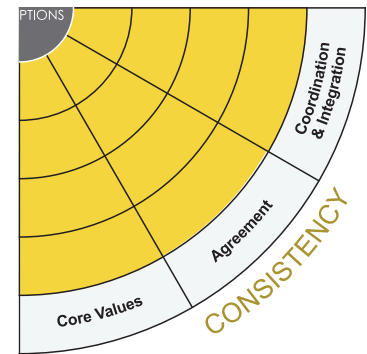
Do employees from different parts of the organization share a common perspective that allows them to work effectively across organizational boundaries? Do they work to eliminate "silos" and promote actions that are in the best interest of the organization as a whole?

### Patterns within Consistency

**When Core Values are lower than either Agreement or Coordination & Integration.** Organizations that lack a clear definition of and accountability to core values tend to become over-reliant on process. Because people do not know and share a basic understanding of guiding values, they look for and develop rules and processes for more activities than are practical and efficient, and as a result the organization's agility can suffer, and ethical issues can arise.

**When Core Values are higher than either Agreement or Coordination & Integration.** Organizations with strong core values that do not translate into a common approach to doing business often find that their values, while strongly held, are incomplete. A functionally strong set of values focuses on both performance outcomes and the way that people relate to one another. When one or the other of those is lacking, it affects people's ability to work together well and produce what they need to. Sometimes, too, a high Core Values score can mask a lack of accountability. The values may be there and right, but if they are not enforced consistently, they will not drive the work.

**When Coordination & Integration is lower than Agreement.** Low Coordination & Integration scores usually indicate the presence of silos in the organization. Often those silos are the result of neglect, developing when there is insufficient effort to combat them. Without a concerted effort toward coordination and teamwork, people will do what is most familiar, local, and easy in the short term. Occasionally, silos develop from fissures in the leadership team. When the heads of organizations don't work well together, the functioning of those under them suffers.



## Dynamic Tensions

Leaders, managers and employees often feel as though they are being pulled in different directions during the natural course of doing business. This push/pull, or dynamic tension, is normal as we attempt to balance the external environment and internal operations while trying to maintain consistency and be adaptive. The Denison Model and Organizational Culture Survey capture these dynamic tensions and offer valuable insight about how effectively we are managing them.

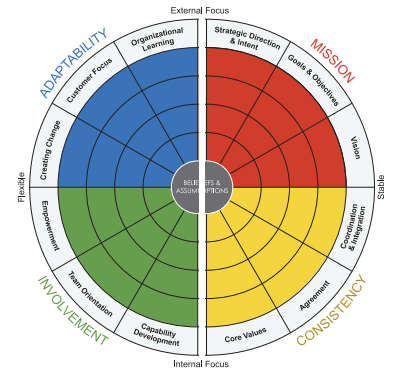
## Flexible and Stable

### Flexible

Organizations that are strong in the Adaptability and Involvement traits can change quickly in response to their environment. They tend to be successful at innovation and customer satisfaction.

### Stable

Organizations that are strong in the Mission and Consistency traits tend to be predictable and focused on their mission. They know where they are headed and have the tools and systems in place to get there. They create organizational alignment that results in efficient and profitable performance.



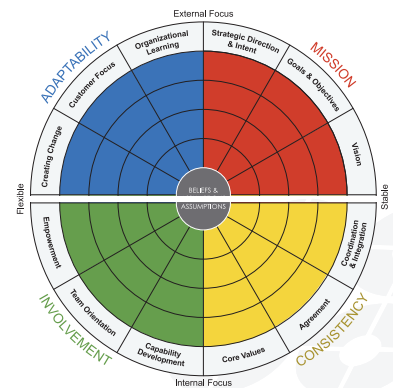
## External Focus and Internal Focus

### External Focus

When Adaptability and Mission are strong traits in an organization, they have an eye towards the market and are able to adapt and change in response to what they see. The result is the ability to grow as they meet the current and future needs of the marketplace.

### Internal Focus

When Involvement and Consistency are strong traits in an organization, they focus on alignment of internal systems, processes and people of the organization. High scores in Internal Focus typically predict efficient operating performance, higher levels of quality, and increased employee satisfaction.

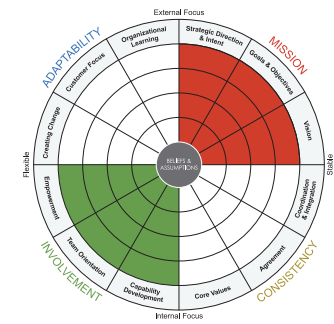




## Cross Patterns

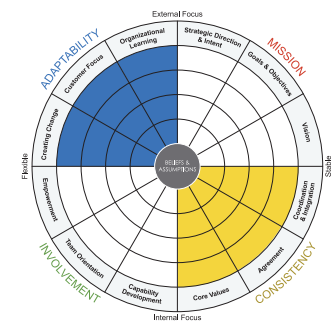
### Top-down and Bottom-up Alignment

Organizations must have a balance between a top-down alignment, Mission, and a bottom-up alignment, Involvement. They need to learn how to link the purpose and strategies of the organization to the shared sense of responsibility, ownership, and commitment of the employees. When there is a balance between these traits, we see effective two-way communication and an engaged, mission-focused workforce.



### Customer Value Chain

This is represented by the tension created between Adaptability, which is largely concerned with the market, and Consistency, which looks at the internal values, systems, and processes. High performing organizations must be able to adapt and respond to the market and develop systems and processes that allow them to execute in a way that produces quality products and services.



## The Link to Performance

In this section, you will learn about the research linking the Denison Model to bottom-line business performance metrics.

Our research has found notable links between organizational culture scores and important performance measures, such as profitability (ROA, ROE, ROI, ROS), growth (sales growth, market share), quality, innovation, as well as customer and employee satisfaction.

Through our research, we have been able to correlate the cultural traits of the model with performance. High scores on the Stable side of the model tend to have the strongest relationship to measures of profitability (ROA, ROE, ROI, ROS), while the Flexible side of the model has a strong relationship to measures of performance (innovation, customer satisfaction, quality).

We have also found that the cultural traits that represent External Focus tend to be more strongly related to overall growth, while those traits associated with Internal Focus have a

relationship to performance measures such as operating performance, quality, and employee satisfaction.

Continuing to research the links between organizational culture and performance remains the cornerstone of Denison Consulting's work.

### A Well-Rounded Profile

Successful organizations have strengths across all four traits of the Denison Model:

- They know where they are going and how they are going to get there
- They continually seek to understand the external environment and meet the needs of their customers
- They involve and engage their employees and build a sense of shared ownership and teamwork
- They have values, systems, and processes in place to promote consistent behavior and to execute the mission

The Denison Model captures the unique tensions that most of us face every day and presents them as not an “either/or” but rather an “and.” Our research has found that organizations that best manage these dynamic tensions outperform the organizations that do not. While overall balance is the goal, as you work with your culture results and assess your current business needs, you may focus on just one or two areas to build your strength. Many times, building strength in one or two areas of the Model will make positive and sometimes dramatic changes in other areas of the culture.

### Interpreting Your Results

In this section, you will learn best practices when approaching your reports and analyzing your data.

### The Reports and What They Show

You have your reports, now where do you start? Your standard culture report contains three core sections: the Circumplex, the Item Details, and the Highest/Lowest Items Chart. Two good rules of thumb are to remember that More Color is Better! and More Balance is Better!

### The Circumplex

The circumplex displays the results for each of the 12 indexes that measure the behaviors that impact performance. The scores are represented as percentiles. Percentiles let you compare your organization or group's performance to the other organizations in our global benchmarking database.

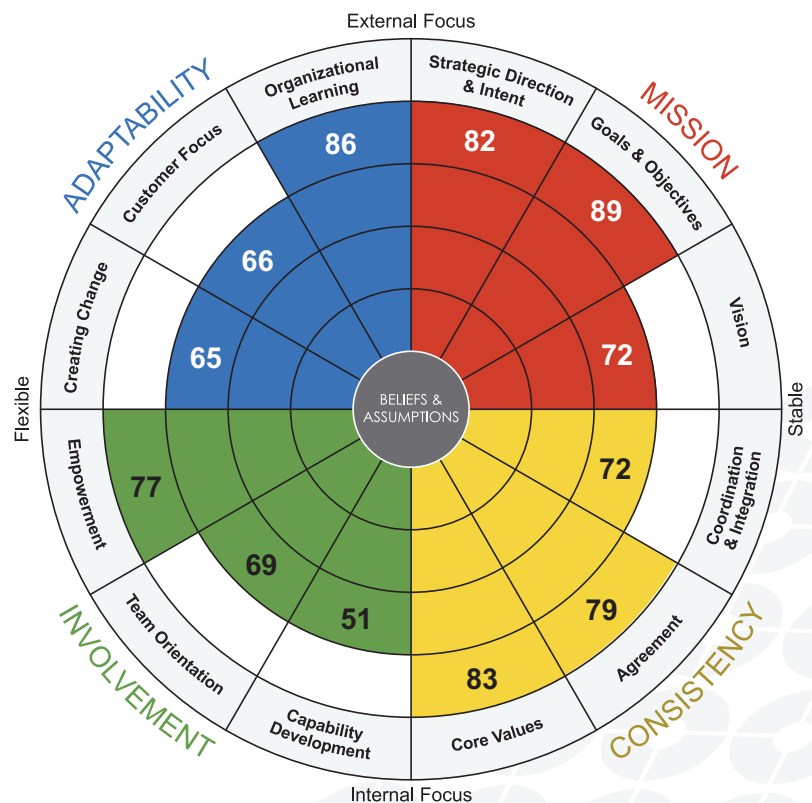
This report gives you an overview of what your organization or group looks like as a whole. You can use it to determine overall patterns of strengths and weaknesses in the data.

### Percentiles and the Global Database

Percentiles are used to show how your organization scored compared to others in our database. Similar to how scores on standardized tests are reported (like ACT and SAT), we compare your score to our extensive database, which represents a subset of over 5000 organizations. For example, the organization shown in the diagram above scored at the 69th percentile in Team Orientation. This means that they scored at or higher than 69% of the organizations in the global database on that Index.

We use percentiles because:

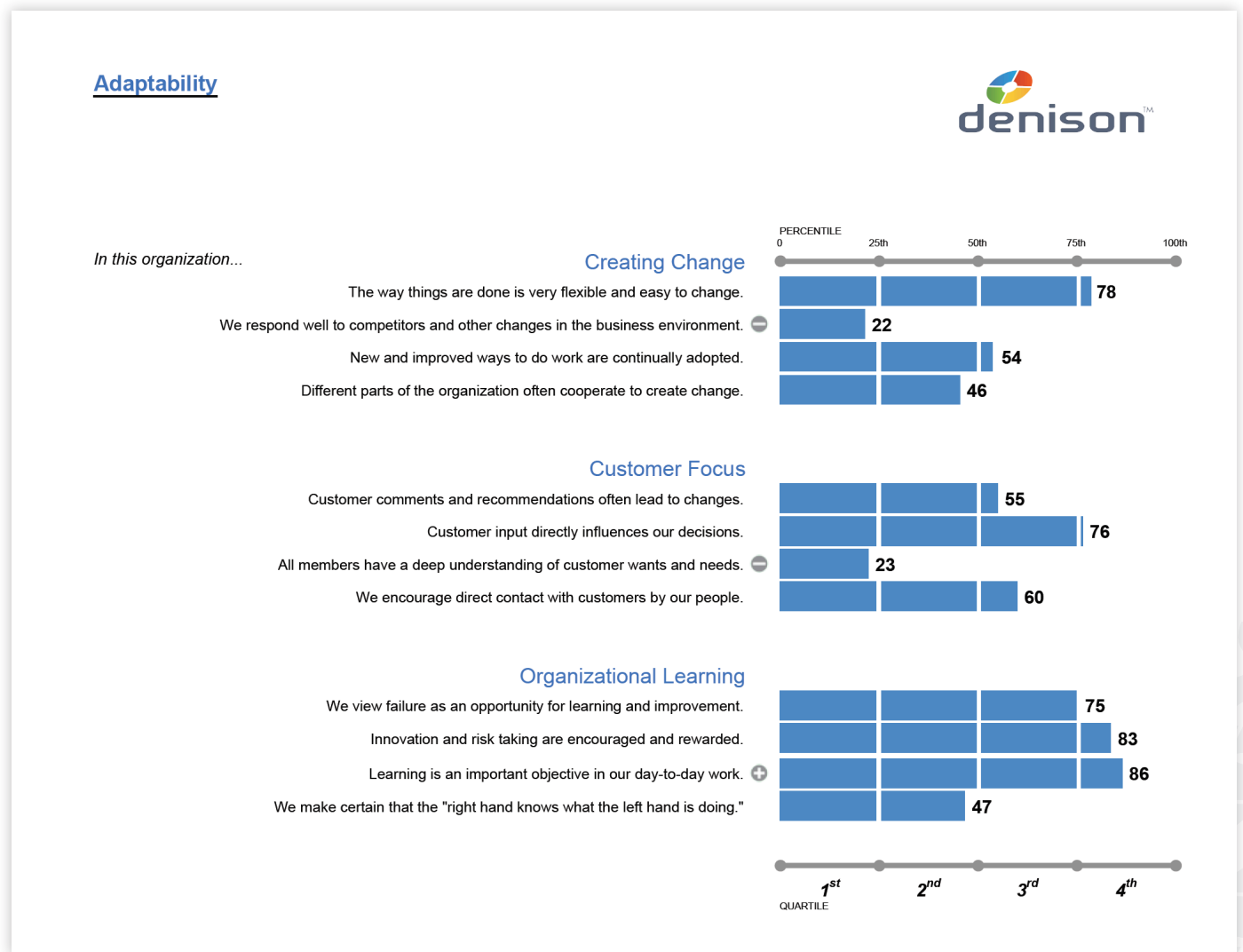
- They put data into an easy-to-interpret format
- They provide information about how your organization compares to other organizations
- They allow you to make consistent comparisons between items on the survey and across different areas of the organization



### The Item Details

The next four pages of the standard report show how your organization scored on each survey item. The results are sorted and color-coded by trait and index to make them easy to read and identify. The Item results provide a more in-depth look at how the survey respondents scored in each index. These pages include the actual statements as they appear on the survey.

Use these pages to dig deeper into the patterns you see from the circumplex page. As you get more comfortable with reading the reports, you will naturally start to identify common patterns among some of the line items as well.

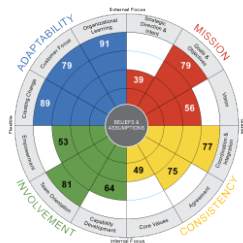




**Highest & Lowest Scores**

**Overall**

*In this organization...*



**HIGHEST SCORES**

- 97** All members have a deep understanding of customer wants and needs.
- 95** Different parts of the organization often cooperate to create change.
- 95** Learning is an important objective in our day-to-day work.
- 92** We view failure as an opportunity for learning and improvement.
- 90** It is easy to reach consensus, even on difficult issues.

**LOWEST SCORES**

- 17** There is an ethical code that guides our behavior and tells us right from wrong.
- 18** Customer comments and recommendations often lead to changes.
- 18** There is a long-term purpose and direction.
- 24** There is a clear strategy for the future.
- 29** There is a clearly defined culture.

NUMBERS DENOTE PERCENTILES | 2/5/2018 | 2015 Normative Dataset (D60OL4)  
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**The Highest and Lowest Items**

This report summarizes and lists the five items with the highest scores and the five items with lowest scores. This page is useful for identifying trends and patterns in your results. The color-coding allows you to quickly key in on patterns among the line items.

**Interpreting Your Reports**

Remember that the color patterns and scores that your organization or group receives are the starting point for interpreting and understanding your results. Some organizations focus on the colors and patterns that are revealed in the circumplex, while others focus on the specific percentiles and conduct a detailed analysis of the line items. We suggest that you look at the patterns revealed in the circumplex and spend time analyzing the line item data for deeper insights and greater specificity. The data is intended to do two things: 1) start honest conversations within your organization or group regarding the current reality of the culture, and 2) drive informed change.

When looking at your data it may be helpful to start with the big picture and work down to the detail offered by the specific line items. Here are five steps that might prove useful:

### Step 1: "Big Picture" Strengths and Challenges

- Look at the circumplex view
  - What are the areas of strength? These are the areas with more color.
  - Which reflect possible challenges? These are the areas with less color.
  - Are there basic patterns or clusters?
    - Flexible vs. Stable, External Focus vs. Internal Focus?
    - Are there strengths across all four traits (Involvement, Consistency, Adaptability and Mission) or are there obvious areas of weakness (gaps)?

### Step 2: High Scores – Summarize Your Strengths

- Review the 12 Indexes (i.e. Creating Change, Empowerment, Vision, etc.)
  - Which indexes are the strongest?
  - Which are the most important indexes to achieving your current business objectives?
  - Is there a pattern (relationship) among the areas of strength?
- Review the line items
  - Are there additional insights about your strengths that can be gained from the line items?
  - What are the top five line items? This is summarized in your High/Low report.

- What do they tell you about your focus as an organization/team?
- Is there a pattern among your line item strengths?

### Step 3: Low Scores – Summarize Your Challenges

- Review the Indexes
  - Which indexes are the lowest?
  - Which of these have the greatest implications for your business objectives?
  - Is there a pattern (relationship) among the areas of weakness?
- Review the Line Items
  - Are there additional insights that can be gathered from reviewing your lower line items?
  - What are the five lowest line items? This is summarized in your High/Low report.
  - What do they tell you about your focus as an organization/team?
  - Is there a pattern with your lower line items?

### Step 4: Synthesize – Summarize Your Insights and Develop Themes

- Strengths: What does the data tell you about your organization's (or group's) strengths?
- Challenges: What does the data tell you about your organization's (or group's) challenge areas?
- Linking the two: Often, strengths turn into weaknesses when they are overused. For example, organizations that prize competitive focus can skimp on collaboration; groups that are strong in participatory collaboration can be slow to execute. How might your strengths and challenges relate to one another?



### Step 5: Possible Impact on Performance

- What areas are important to develop in order for your organization (or group) to achieve your strategies and objectives?
- What might be the impact of your key strengths and weaknesses on your key performance measures:
  - Efficiency?
  - Growth?
  - Customer Satisfaction?
  - Innovation?
  - Quality?
  - Employee Satisfaction?



### FOR MORE INFORMATION

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