

# Common Questions on the Denison Benchmark

## How does the Denison Benchmark offer clients a competitive advantage?

A benchmark is a standard or point of comparison used to evaluate the performance of an organization, industry, or process. The value of a benchmark lies in its ability to provide organizations with a point of reference for evaluating their own performance and identifying areas for improvement.

[The Denison Benchmark](#) can help an organization to understand how their scores compare to those of their competitors and identify areas where they need to improve to stay competitive. *Because culture drives business performance, organizations who seek competitive cultures will find themselves with more competitive performance in return.*

Benchmarks can also help organizations to identify trends in their competitive performance over time. By comparing their performance to updated benchmarks over time, organizations can identify areas where they are making progress against their peers and areas where they need to focus their efforts to become more competitive.

[The Denison Leadership Development 360](#) allows leaders to compare themselves to other leaders across the globe while connecting their development to the culture of the organization. Leaders receive Percentile Scores for Self, Peer, Direct Report, and Boss ratings, each of which are benchmarked against the same types of ratings. This provides leaders with a competitive understanding of their development from multiple points of view within their broader team.

In summary, benchmarks provide organizations and leaders with a point of reference for evaluating their own culture and development, identifying areas for improvement, and setting goals into the future. They can help organizations and leaders to identify trends in their performance over time and compare their performance to their peers.

## What is a Percentile Score?

Percentiles in a distribution refer to the values (in our case, mean scores) that divide a dataset into 100 equal parts or "percentiles". The value of a dataset at a given percentile represents the point at which a certain percentage of the data falls below that value.

For example, a mean score value at the 50th percentile is the value that separates the lowest 50% of the benchmarked organizations from the highest 50%. The value at the 50<sup>th</sup> percentile is also known as the median. Similarly, the value at the 75th percentile represents the point at which 75% of the data falls below that value. *Thus, a percentile score of 75 means the client is scoring higher than 75% of organizations in the benchmark.*

Percentiles are used to measure the performance of an individual organization in comparison to a group of organizations in the benchmark. This is like a standardized test score – percentile ranks can be used to measure how well a student performed in comparison to their peers.

## How are Percentile Scores different from Percent Favorable data?

Benchmarked percentile scores and percent favorable data are both measures that can be used to evaluate culture, but they differ in the way they are calculated and the information they provide.

Benchmarked percentile scores are calculated by comparing an organization's raw mean score to a benchmark of its peers, which becomes a point of comparison used to evaluate the competitiveness of an organization's culture. The benchmarked percentile score represents the percentage of organizations that scored lower than the organization in question. For example, if an organization's benchmarked percentile score is 75, it means that the organization performed better than 75% of the organizations in the benchmark.

On the other hand, percent favorable data is calculated by determining the percentage of responses that are favorable to a particular question or statement. For example, in a survey, if 60% of respondents answered positively to a question (4 or 5 on a 5-point scale), the percent favorable figure would be 60%.

Thus, the main difference between these two measures is that benchmarked percentile scores provide a comparison to other organizations, whereas percent favorable data allows the client to understand its culture separately from its competition. *Put another way, benchmarked percentile scores can help organizations understand how they compare to their peers and industry leaders, whereas percent favorable data can help organizations understand the overall level of satisfaction, agreement or approval of a particular question or statement.*

Percentile scores also offer easier interpretability. It can be easy to get lost in the weeds when trying to make sense of changes in 'favorability' and how to improve 'favorability' within an organization over time. Instead, thinking about how to improve culture's competitiveness by strengthening your organization's systems and norms directs you toward a clear path of improvements that build your competitive edge over time.

## What is a composite of a benchmark?

An composite of a benchmark refers to a combination of multiple benchmarked scores from different organizations within the same group (e.g., industry, region), which are combined to create overall scores specific to that group. *The purpose of creating a composite of a benchmark is to provide a more comprehensive understanding of the culture performance of organizations within competing groups (e.g., industry, region).*

For example, an industry composite of a benchmark within the retail industry would combine the scores of multiple retailers to create an overall score for the industry. The industry's scores are averaged together and compared against the benchmark, which allows the client to see a Denison Circumplex model representing the industry's performance in the same benchmark the client is being compared to. This allows the client to make industry comparisons while also benefiting from the more robust and holistic Global Benchmark.

Composites can also be useful for organizations that want to identify points of cultural leverage they have within the industry that may offer them a competitive advantage.

**Composites can be made for industry/sub-industry, country/region, and ownership type. Custom Composites are always available on request.**

## Why is it important to use the newest version of the Benchmark?

Because the Benchmark is a point of reference to your competition, staying up-to-date with the newest version ensures that your culture is maintaining its competitive advantage.

Using an up-to-date benchmark allows an organization to compare its performance and culture against current industry standards and best practices. This can help identify areas for improvement and areas of strength/leverage, allowing the organization to make strategic decisions and adjustments to stay competitive.

Additionally, an up-to-date benchmark can provide valuable insights into current trends and changes amongst peers, allowing the organization to anticipate and respond to emerging shifts in their respective landscape. By staying current, an organization can ensure that its culture and performance are aligned with the current business environment, giving it a competitive edge. When an organization compares itself to older benchmarks, it runs the risk of being left behind by its peers.

Importantly, when you compare your results year-over-year, you will want to consider the differences between raw data, percent favorable data, and percentile scores. Year-by-year Percentile Scores (that are calculated using the benchmark tied to the year of each of your surveys) show an organization the changes in their culture's competitiveness over time, while year-by-year mean scores and percent favorable scores show an organization's growth separate from the competition. *It's therefore important when thinking about culture transformation over time that organizations are looking at their own growth, but that they're also doing so in the context of their peers.*