# Denison Culture Model

What is Culture?

- "The way we do things around here"

- "Lessons learned that are important to pass on to the next generation"

- "Software of the mind" that organized the behavior of people

- "What we do when no one is looking"

Artifacts, behaviors, and norms are visible and tangible.

**Personal values and attitudes** are less visible, but can be talked about.

Underlying beliefs and assumptions are subconscious, invisible, and rarely questioned.
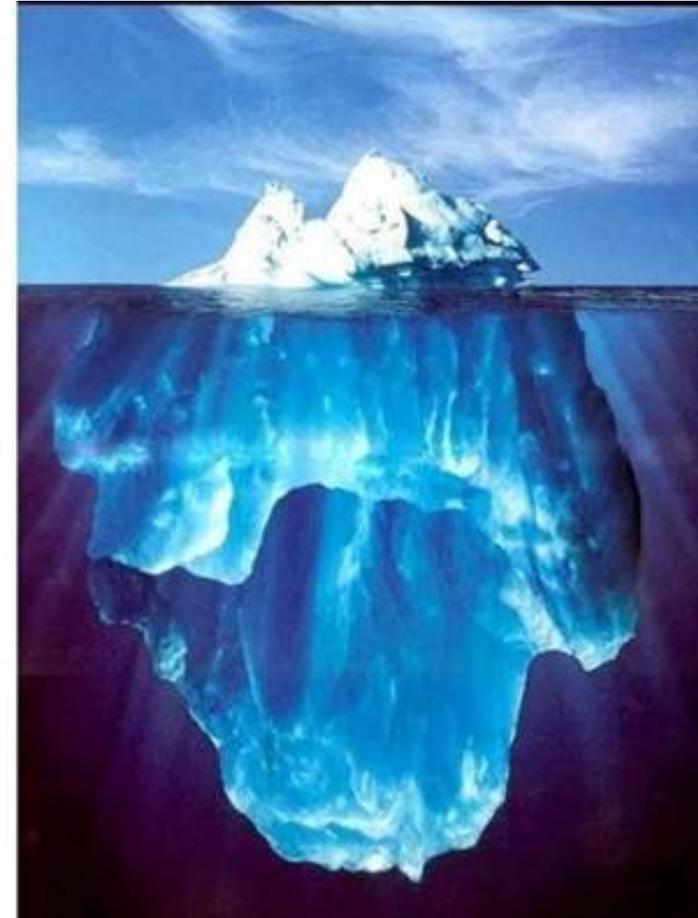
How do you bring clarity to a deep and complex subject?

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Bringing Organizational Culture and Leadership to the **Bottom Line**.

The Denison Model

What Counts...

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Adaptability
Pattern..Trends.. Market

Translating the demands of the business environment into action

"Are we listening to the marketplace?"

Mission
Direction..Purpose.. Blueprint

Defining a meaningful long-term direction for the Company

"Do we know where we are going?"
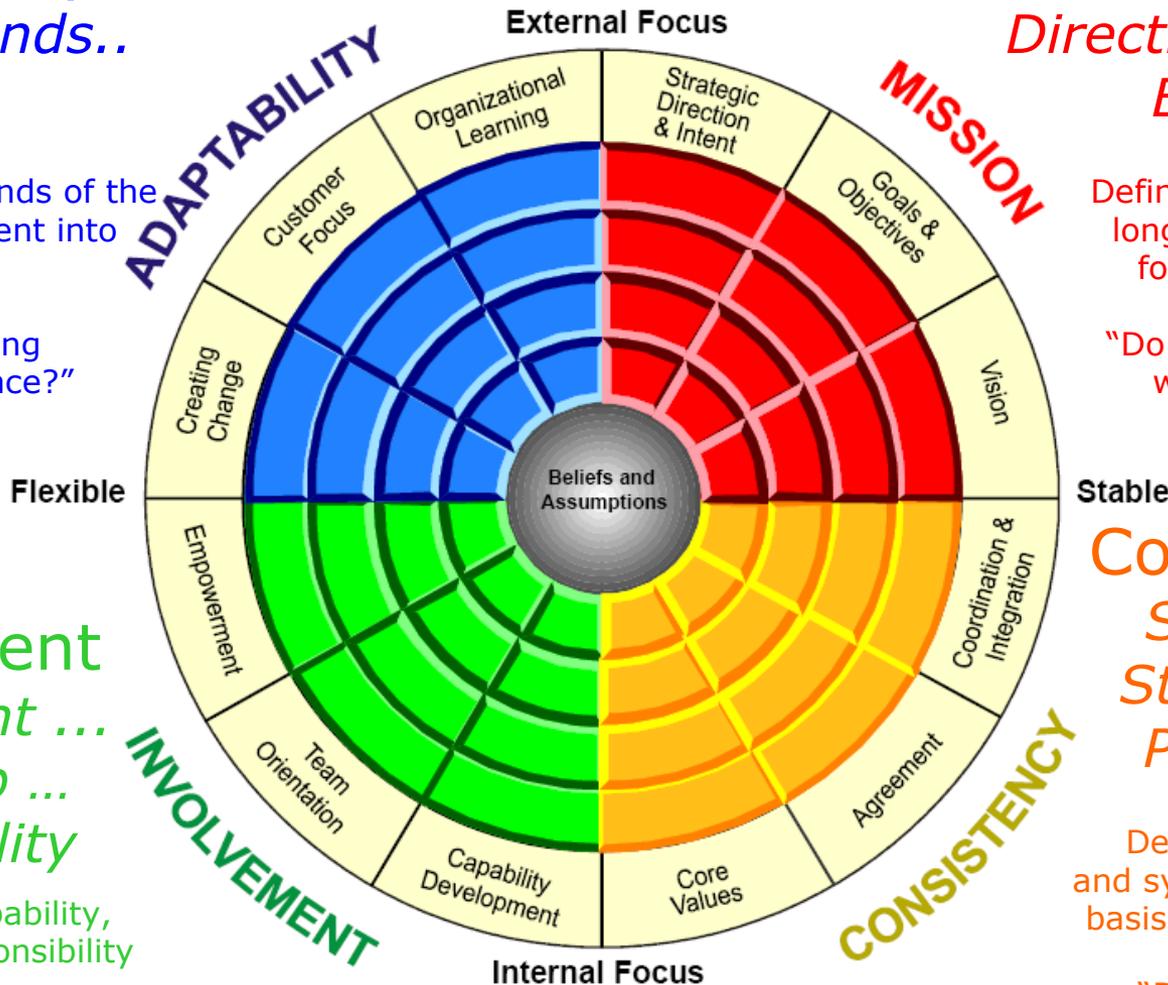
Involvement
Commitment ... Ownership … Responsibility

Building human capability, ownership, and responsibility

"Are our people aligned and engaged?"

Consistency
Systems… Structures… Processes

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

"Does our system create leverage?"

External Focus

Flexible

Stable

Internal Focus

ADAPTABILITY — Organizational Learning, Customer Focus, Creating Change

MISSION — Strategic Direction & Intent, Goals & Objectives, Vision

INVOLVEMENT — Empowerment, Team Orientation, Capability Development

CONSISTENCY — Coordination & Integration, Agreement, Core Values

Beliefs and Assumptions

Flexible and Stable
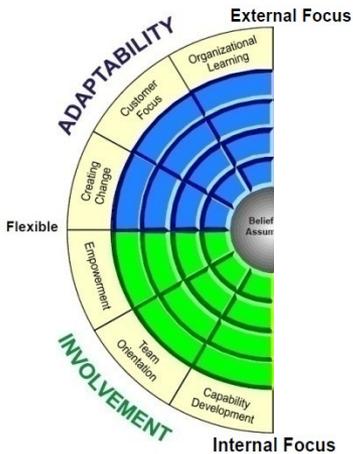
- **Flexible**
  Adaptability + Involvement

  A flexible organization has the capability to change in response to the environment

- **Stable**
  Mission + Consistency

  A stable orientation contributes to an organization's capability to remain focused and predictable over time

External Focus and Internal Focus

- External Focus:
  Adaptability + Mission

  The organization's focus is on adapting and changing in response to the external environment
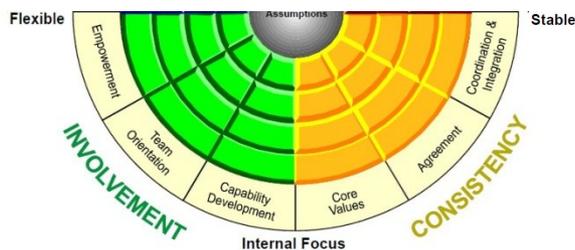

- Internal Focus:
  Involvement + Consistency

  The organization's focus is on the dynamics of the internal integration of systems, structures, and processes

Dynamic Tensions
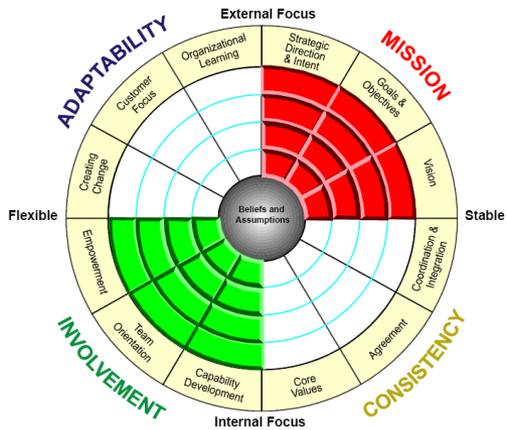
- Top-Down; Bottom-Up:
  Mission + Involvement

  Linking purpose, direction and goals to a shared sense of responsibility, ownership, and commitment by employees
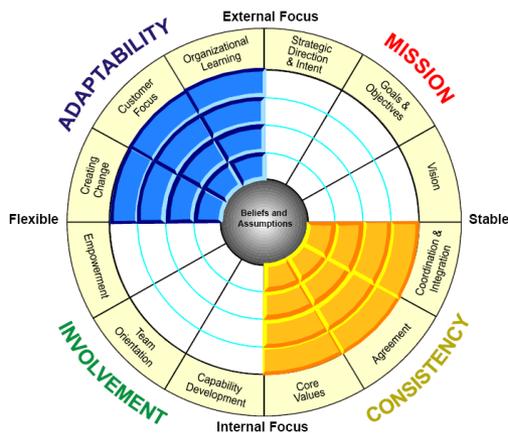
- Stimulate Progress; Preserve the Core
  Adaptability+ Consistency

  Balance dual challenges of external adaptation and internal integration

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The Link to Performance

The Link to Performance
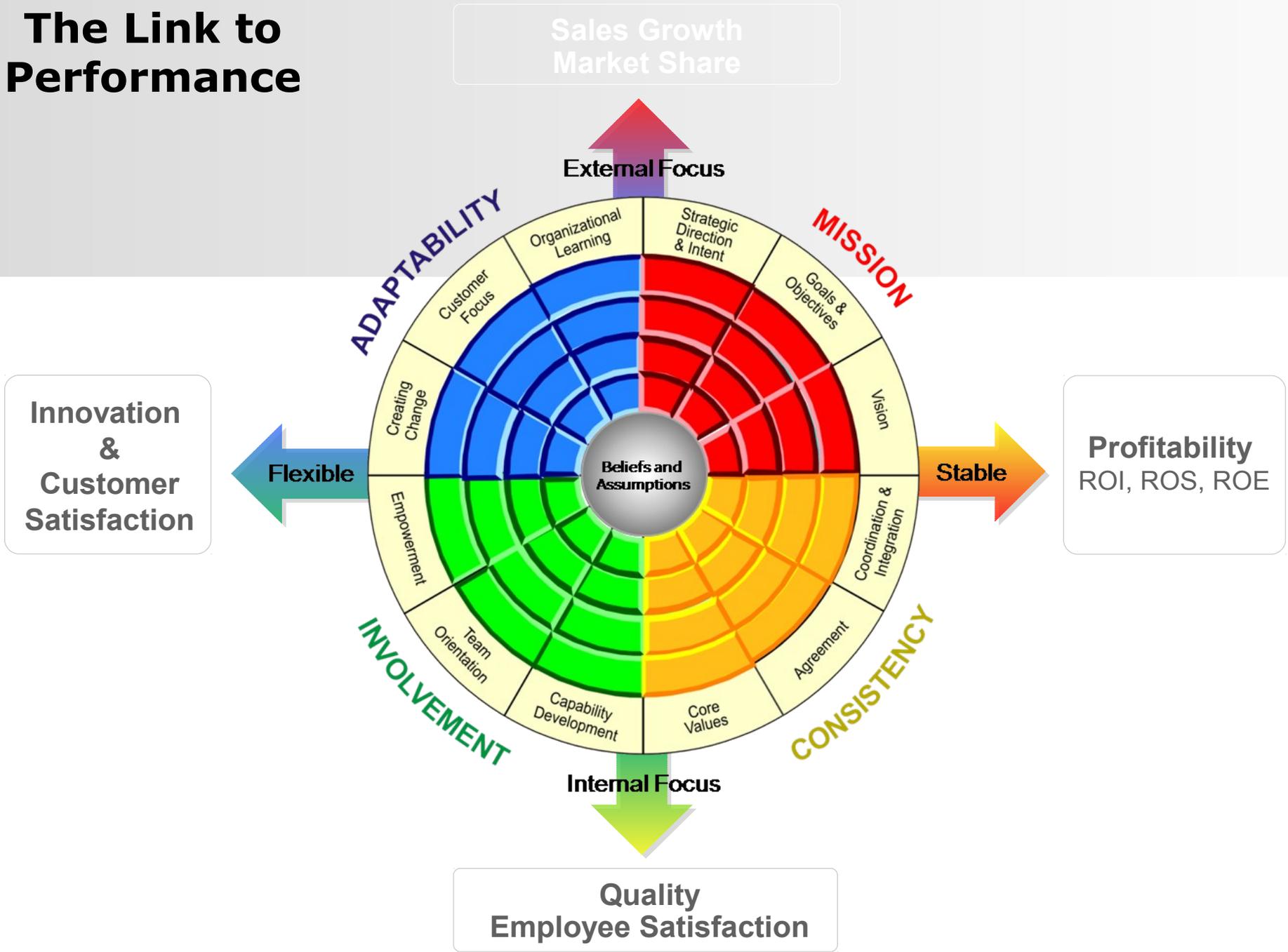
The Link to Performance: Research Summary

	Key organizational performance metrics					
	Innovation	Sales Growth	Market Share	Customer Satisfaction	Employee Satisfaction	ROA
Flexible vs. Stable	F	F	F	F	S	S
Internal vs. External	E	E	E	E	I	I
Top 2 Culture Traits						
Top 3 Culture Indexes	Customer focus / Organizational learning / Creating change	Strategic direction & intent / Vision / Creating change	Strategic direction & intent / Goals & objectives / Capability development	Customer focus / Coordination & integration / Empowerment	Empowerment / Capability development / Core values	Strategic direction & intent / Agreement / Vision

Link to Performance Research Summary

Performance Drivers from the Denison Organizational Culture Model	Key Organizational Performance Metrics					
	Return on Assets	**Sales Growth**	**Market Share**	**Customer Satisfaction**	**Employee Satisfaction**	**Innovation**
Dynamic Tensions						
Flexible vs. Stable	Stable	Flexible	Flexible	Flexible	Stable	Flexible
Internal vs. External	Internal	External	External	External	Internal	External
Top 2 Culture Traits	**Mission** **Consistency**	**Mission** **Adaptability**	**Mission** **Adaptability***	**Adaptability** **Consistency**	**Involvement** **Consistency**	**Adaptability** **Mission**
Top 3 Culture Indexes	Strategic Direction & Intent / Agreement / Vision	Strategic Direction & Intent / Vision / Creating Change	Strategic Direction & Intent / Goal Orientation / Capability Development	Customer Focus / Coordination & Integration / Empowerment	Empowerment / Capability Development / Core Values	Customer Focus* / Organizational Learning* / Creating Change*

Notes:

* = additional culture Traits/Indexes not listed followed closely in relative importance.

The table focuses attention on the strongest culture-performance linkages within the Denison model. Our research also demonstrates that *the most effective organizations have a balanced profile* with culture strengths reflected in all parts of the Denison Model.

Impact on Performance

A sample of 130 public organizations surveyed between 2000-2010 shows that organizations with higher culture scores have greater profitability, sales growth and market-to-book ratio than organizations with lower culture scores.

Bottom 25 orgs

Top 25 orgs
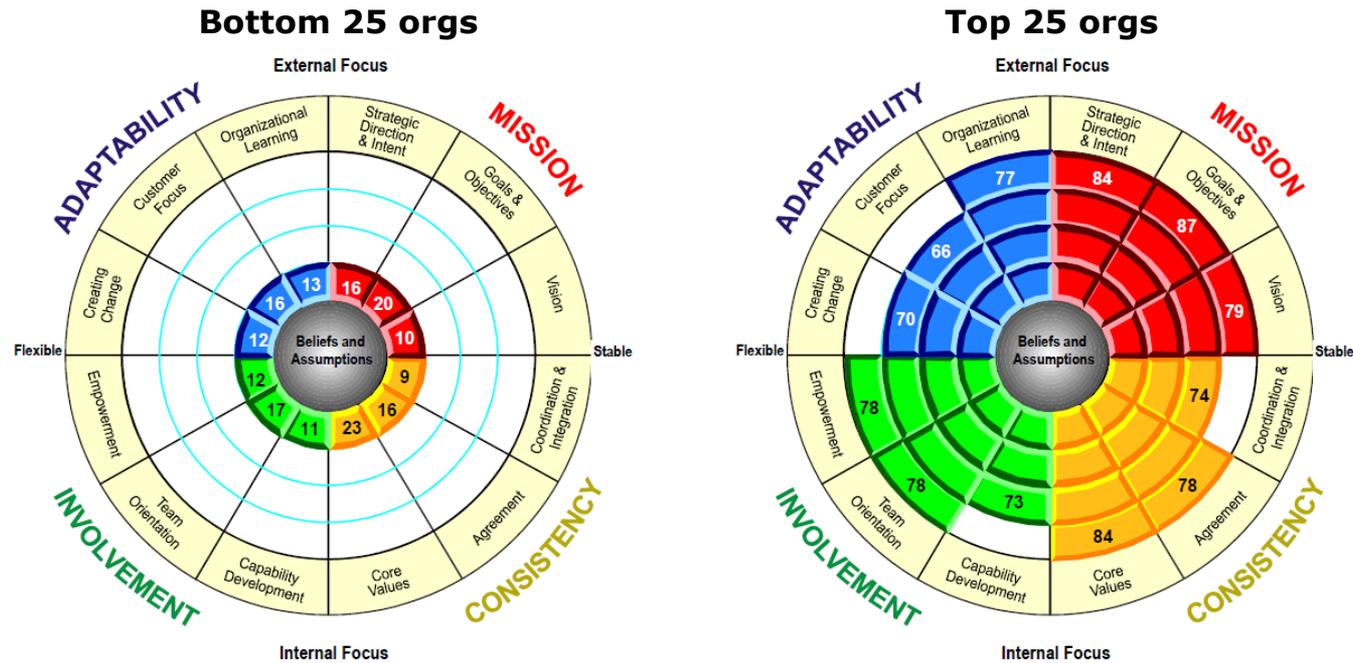
Bottom 25 orgs		Top 25 orgs	
Return-on-Assets	2.3%	**Return-on-Assets**	3.2%
Sales Growth	1.4%	**Sales Growth**	23.1%
Market-to-Book Ratio	2.6	**Market-to-Book Ratio**	4.0

Satisfying Your Customers

Below 50% Highly Satisfied
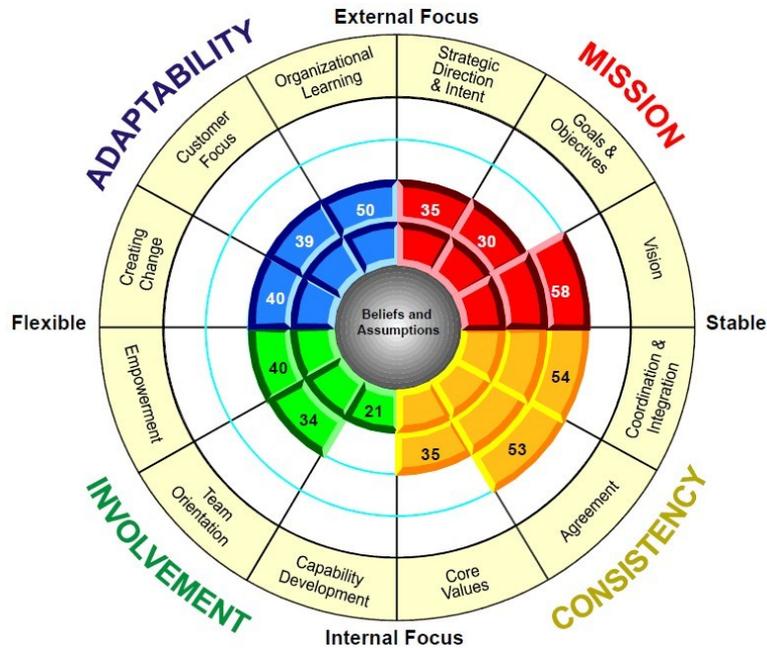
Above 80% Highly Satisfied
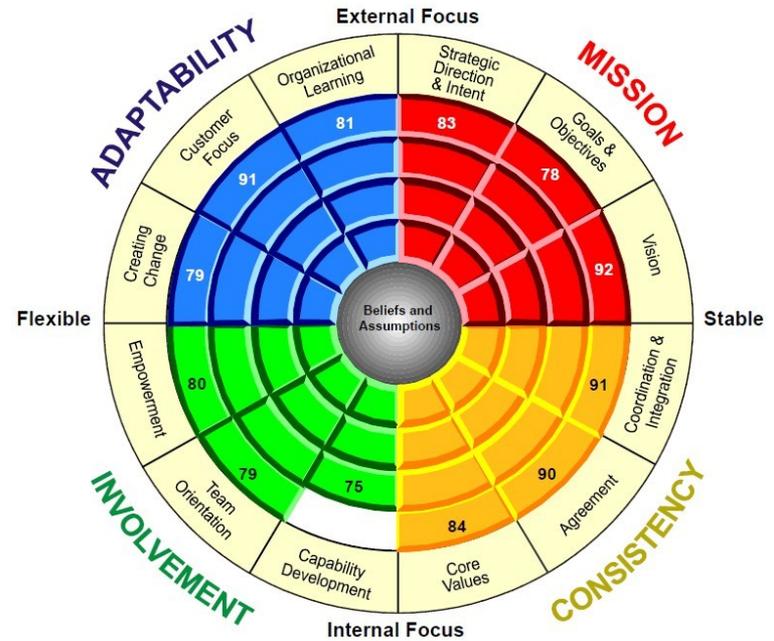
- **Study of Automotive Service Centers in the USA**
- **Total of 338 dealerships and over 12,000 employees**
- **Compares organizational culture and customer satisfaction**

Culture and Innovation

New Product Development
22nd Percentile
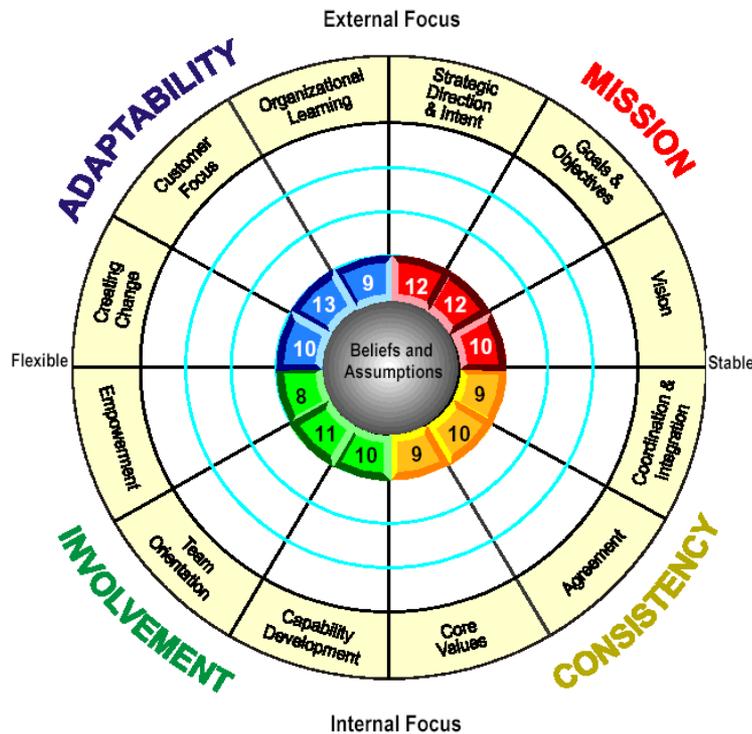
New Product Development
69th Percentile
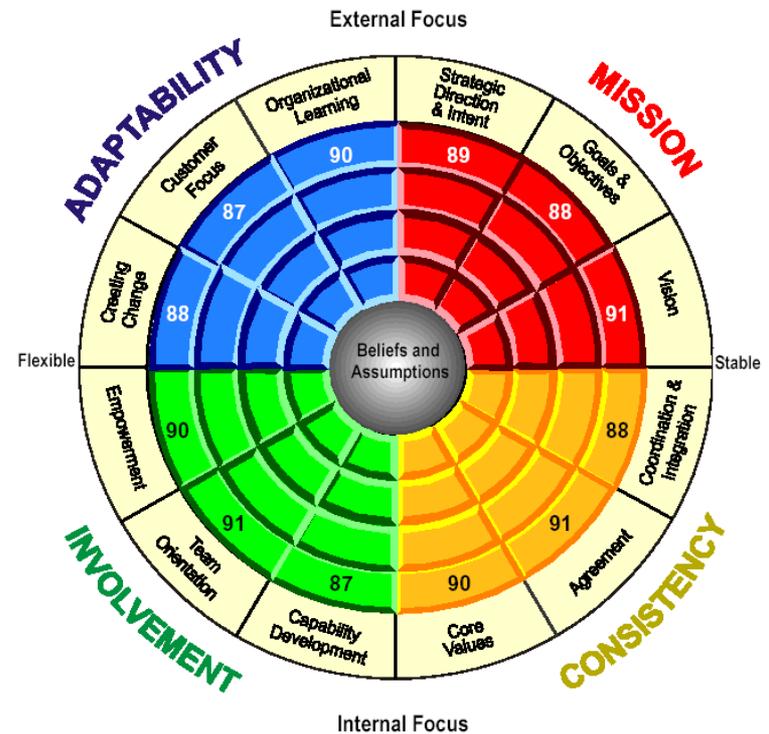
From a sample of 350 client
organizations

Culture and Innovation

Market Value
Attributed to Future Growth
26%
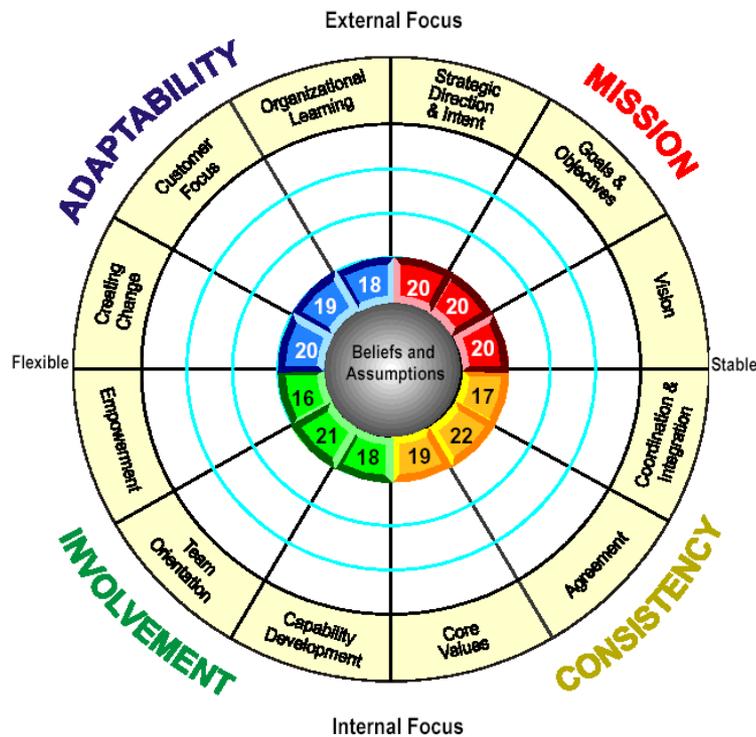
Market Value
Attributed to Future Growth
65%
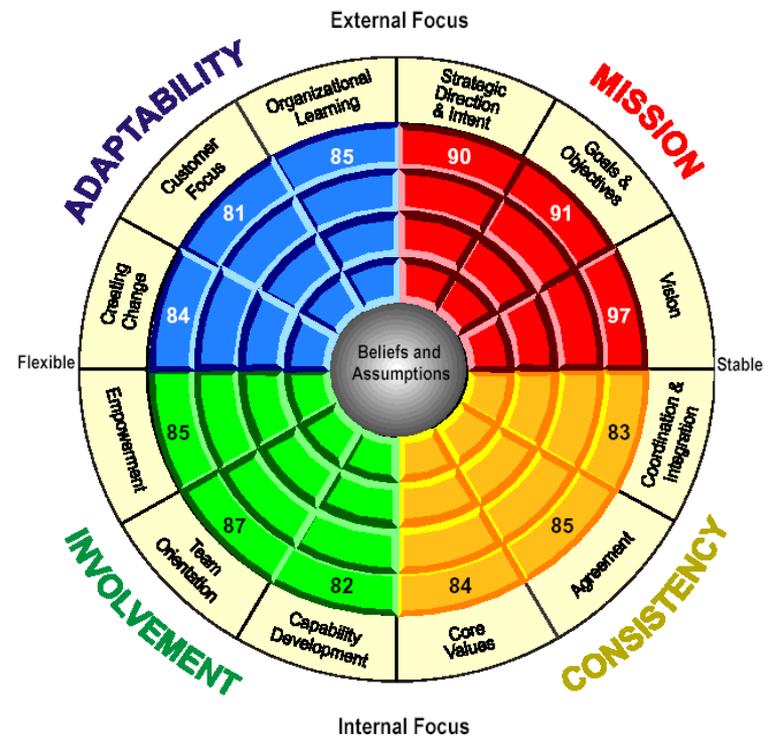
From a sample of 118 publicly traded organizations

2011 Global Benchmark

- 931 companies in 48 Countries
  - **50% of the respondents in the last 5 years are from outside the US**

- Headquarter Distribution
  - **28% are Multi-Nationals**
  - 75% North American, 14% Europe,
    5% Asia/Pacific, 2% Africa/Middle East,
    2% Central & South America,
    2% Australia/Oceania

- Wide classification of industries using the North American Industry Classification System (NAICS)

Sample Report

Global Technology Sample

External Focus

ADAPTABILITY · MISSION

Organizational Learning · Strategic Direction & Intent · Goals & Objectives

Customer Focus

Creating Change

72

50

53

48

82

Vision

79

Flexible · Beliefs and Assumptions · Stable

Empowerment

64

58

64

Coordination & Integration

83

Agreement

81

77

Team Orientation

Capability Development · Core Values

INVOLVEMENT · CONSISTENCY

Internal Focus
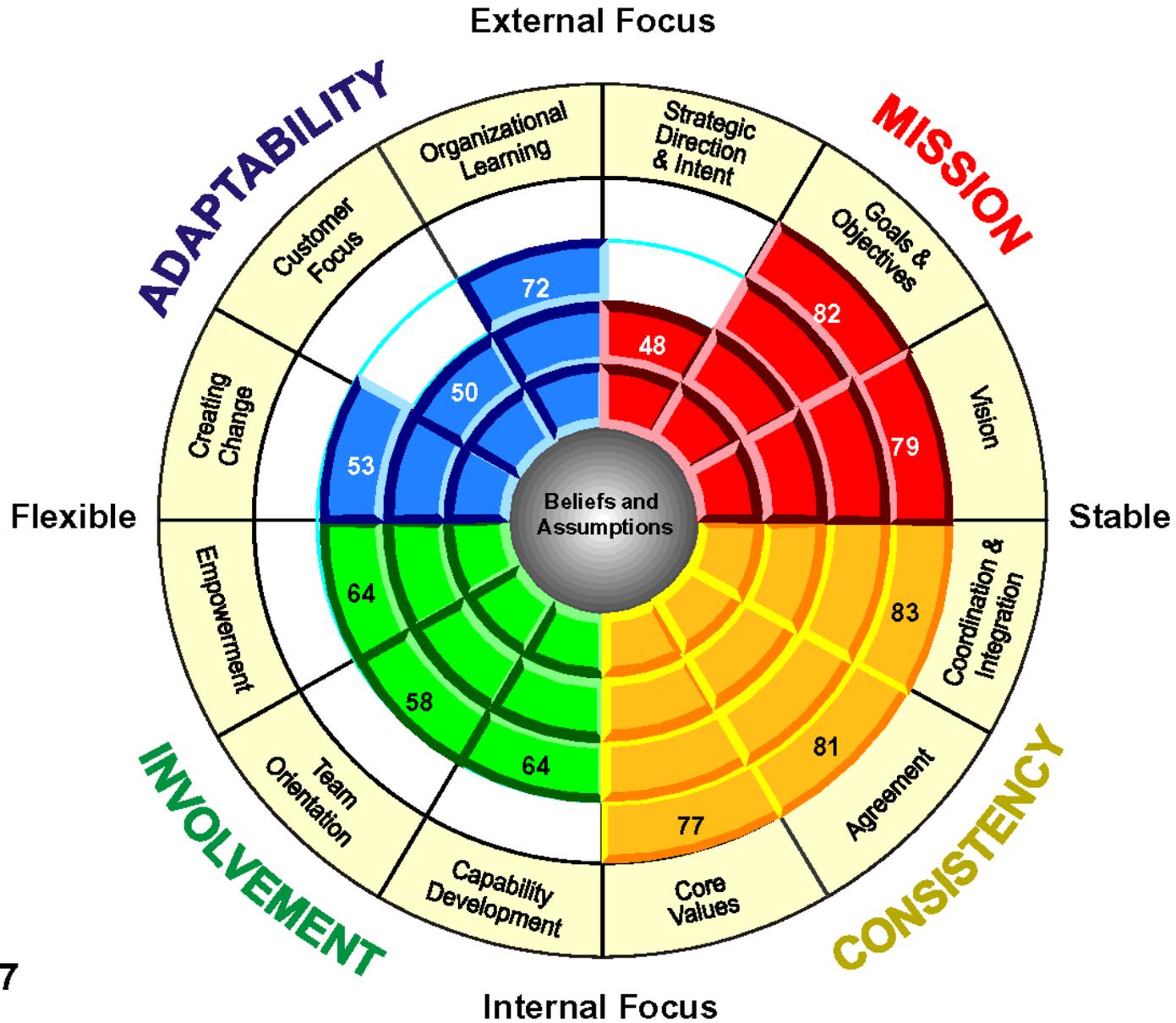
N=277

Numbers denote percentiles

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Global Technology Sample

Involvement

		Quartile	1st	2nd	3rd	4th
		Percentile	0	25th	50th	75th	100th

In this organization… **Empowerment**

Statement	Percentile
Most employees are highly involved in their work.	57
Decisions are usually made at the level where the best information is available.	66
Information is widely shared so that everyone can get the information he or she needs when it's needed.	74
Everyone believes that he or she can have a positive impact.	49
Business planning is ongoing and involves everyone in the process to some degree.	55
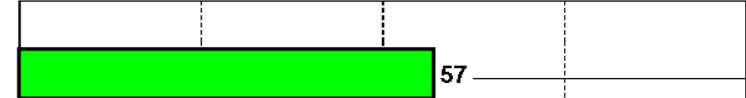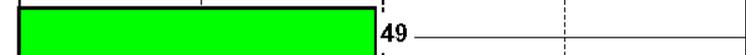
In this organization… **Team Orientation**

Statement	Percentile
Cooperation across different parts of the organization is actively encouraged.	58
People work like they are part of a team.	56
Teamwork is used to get work done, rather than hierarchy.	38
Teams are our primary building blocks.	45
Work is organized so that each person can see the relationship between his or her job and the goals of the organization.	76
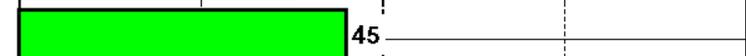
In this organization… **Capability Development**

Statement	Percentile
Authority is delegated so that people can act on their own.	15
The "bench strength" (capability of people) is constantly improving.	75
There is continuous investment in the skills of employees.	76
The capabilities of people are viewed as an important source of competitive advantage.	38
Problems often arise because we do not have the skills necessary to do the job.*	87

*The raw score has been reversed for this negatively worded item. In all cases, a higher score indicates a more favorable condition.

Numbers denote percentiles

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Highest Scores

92	We often have trouble reaching agreement on key issues.*
90	Lots of things "fall between the cracks".*
87	Problems often arise because we do not have the skills necessary to do the job.*
86	It is easy to coordinate projects across different parts of the organization.
86	It is easy to reach consensus, even on difficult issues.

Lowest Scores

6	Customer input directly influences our decisions.
14	Customer comments and recommendations often lead to changes.
15	Authority is delegated so that people can act on their own.
20	Our strategy leads other organizations to change the way they compete in the industry.
31	The way things are done is very flexible and easy to change.

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http://www.DenisonCulture.com

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Leadership Development Solutions

# Denison Leadership Development Survey

Helps managers and leaders to:

- **Align culture and leadership to support business performance improvement**

- Identify specific areas of strength and weakness, and establish action plans for individual development

- Learn how specific management skills and practices impact leadership performance

- Understand their roles in creating a high-performance culture in their organizations

Denison Leadership Model
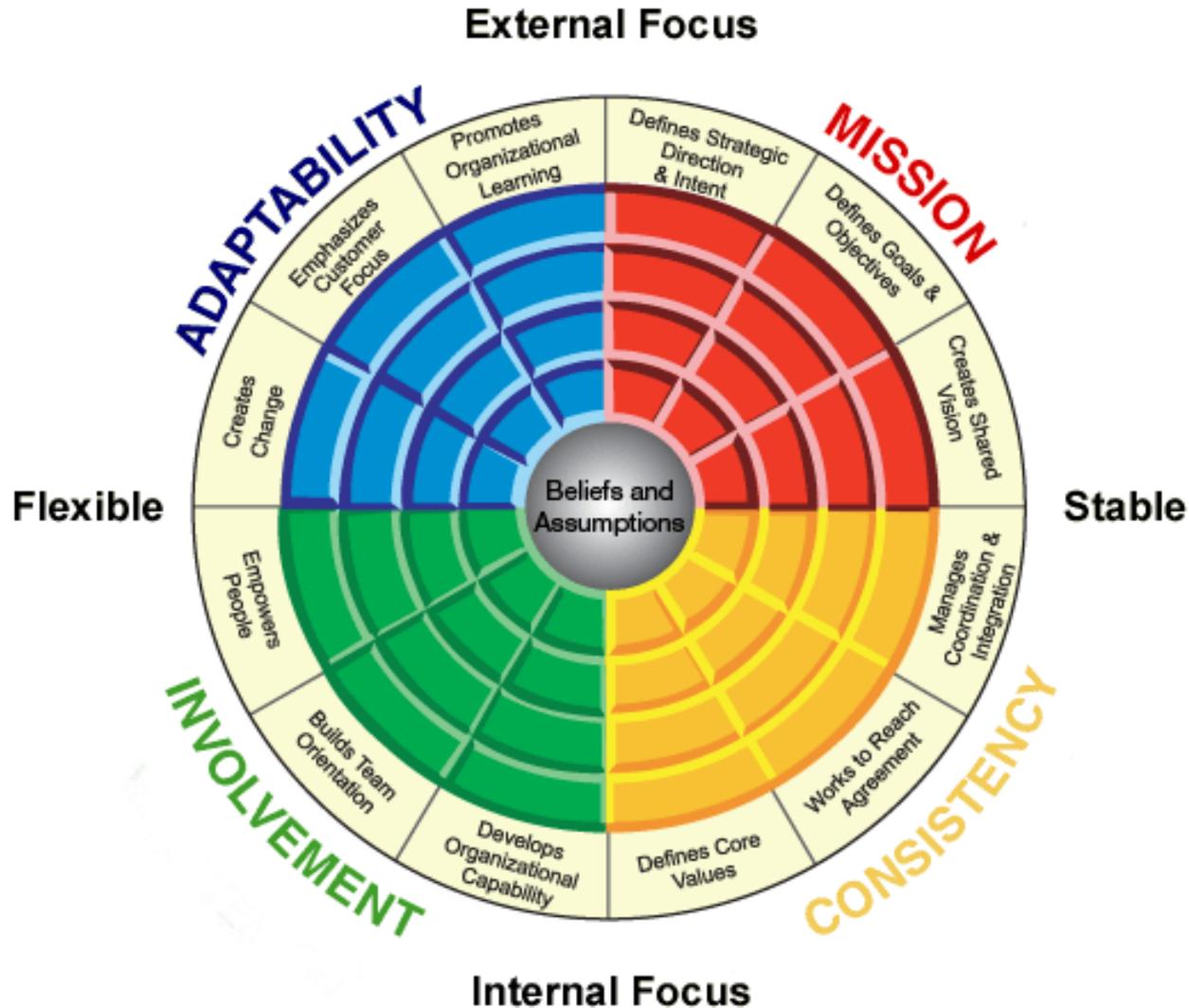
Leadership Global Benchmark

- **11,953** leaders included in the normative database (*up from 8,651*)

- From over 800 companies and rated by over 184,000 bosses, peers, and direct reports

- Wide **variety** of industries, job function, management level, and tenure represented

- Benchmarks are **stable** across years