

Denison Organizational Culture Survey

Facilitator Guide

**Daniel R. Denison, Ph.D.
William S. Neale, M.A., M.L.I.R.**

**Published by
Denison Consulting, LLC**

121 W. Washington Suite 200 Ann Arbor, MI 48104

Tel. 734.302.4002 Fax 734.302.4023

Email TalktoUs@denisonculture.com

© Daniel R. Denison and William S. Neale

About the Authors

**Daniel R. Denison Ph.D.,
Denison Consulting**

Daniel R. Denison is Professor of Management and Organization at IMD.

Prior to this he was an Associate Professor of Organizational Behavior and Human Resource Management at the University of Michigan Business School. Professor Denison has taught and lived in Asia, Europe, Latin America and the Middle East.

He received his Bachelors degree from Albion College in Psychology, Sociology, and Anthropology and his Ph.D. from the University of Michigan in Organizational Psychology.

He has written several books, including Corporate Culture and Organizational Effectiveness, published by John Wiley in 1990. He has recently published the Denison Organizational Culture Survey and the Denison Leadership Development Survey based on this research. These surveys and the underlying models have been used by over 500 organizations. His writings have appeared in a number of leading journals including The Academy of Management Journal, The Academy of Management Review, Organization Science, Organizational Dynamics, The Journal of Organizational Behavior, Human Resource Management, and Policy Studies Review.

Dr. Denison's research, teaching and consulting focuses on organizational culture and the impact that it has on the performance and effectiveness of organizations.

He is currently involved in a large study of the impact of enterprise software systems on organizations and has done extensive research, teaching, and consulting on topics such as organizational change, leadership development, organizational design and product development.

Daniel R. Denison, Ph.D., is Associate Professor of Organizational Behavior at the University of Michigan Business School and Visiting Professor of Organizational Behavior at Hitotsubashi University in Tokyo, Japan. Dr. Denison teaches Organizational Design, Organizational Consulting, and Team Skills, and serves as Faculty Director for several major executive programs. Over the past two decades, Dr. Denison has focused his research, teaching, and consulting on organizational culture, organizational design, leadership development and team functioning. His research has been published in a series of articles and books including "Bringing Corporate Culture to the Bottom Line, Organizational Culture & Organizational Effectiveness", and Corporate Culture and Organizational Effectiveness. His work is widely recognized by researchers and practitioners. His new book, Transforming Organizational Cultures, was published in 1997.

William S. Neale, M.A., M.L.I.R.
The Neale Group

William S. Neale is president and CEO of the Neale Group and co-owner and partner of Denison Consulting, a world class developer of organizational and leadership development surveys that link culture and leadership to the bottom-line.

He received his Bachelors degree from the University of Michigan - Ann Arbor and his Masters in Labor and Industrial Relations from Michigan State University and a Masters in Educational Administration from Michigan State University.

Prior to his involvement with Denison Consulting and forming the Neale Group, he was president of Human Synergistics and Director of the Center for Management Development at General Motors Institute. His teaching and consulting focuses on organizational culture and leadership and impact on performance, executive coaching and counseling, and enhancing team effectiveness. His clients include the leadership teams of organizations such as Target, Hillenbrand Industries, United States Postal Service, Mervyns California, Food Marketing Institute, Nash Finch Corporation, Dunkin' Donuts, Baskin Robbins, Edison Electric Institute and Blue Shield of California. He serves as a resource consultant to organizations such as The Executive Committee (TEC) and Renaissance Executive Forums.

He has co-authored the Denison Organizational Culture Survey and Denison Leadership Development Survey. These surveys and the underlying models have been used globally by over 500 organizations. He has also published the MBTI Challenge Cards and the MBTI Leadership Style Challenge Cards.

TABLE OF CONTENTS

SECTION ONE - INTRODUCTION

Purpose of This Guide	1 - 1
Introduction	1 - 2
Overview	1 - 3
Applications	1 - 5

SECTION TWO - UNDERSTANDING THE SURVEY AND THE MODEL

Understanding the Model	2 - 1
Explanation of each of the Traits and Indexes.....	2 - 8
Involvement	2 - 8
Consistency	2 - 10
Adaptability	2 - 12
Mission	2 - 14

SECTION THREE - CONDUCTING THE SURVEY

General Guidelines	3 - 1
Conducting the Survey	3 - 3
Planning	3 - 4
Selecting Participants	3 - 5
Report Options	3 - 6
Timetable	3 - 8
DOCS Master Tracker	3 - 9
Data Collection	3 - 10
Report Generation	3 - 11

TABLE OF CONTENTS

SECTION FOUR - EXPLAINING THE MODEL & PRESENTING FEEDBACK

Managing Feedback	4 - 1
Explaining the Model	4 - 3
PowerPoint Presentation	4 - 5
Interpreting Data	4 - 17
Interpretation Tips.....	4 - 19
Action Planning.....	4 - 22
Levers for Change.....	4 - 25

SECTION FIVE - APPENDICES AND SUPPORT MATERIALS

Validity Statement.....	A
Tutorial on Profit Ratios.....	B
Suggested Reading.....	C
DOCS Master Tracker.....	D
Denison Organizational Culture Survey Sample Report.....	E
References and Suggested Reading.....	F

SECTION ONE - INTRODUCTION

UNDERSTANDING ORGANIZATIONAL CULTURE
AND ITS IMPACT ON PERFORMANCE AND
EFFECTIVENESS

Purpose of This Guide

This guide was developed in order to help leaders, consultants, and internal facilitators better understand the *Denison Organizational Culture Survey* as they undertake projects designed to diagnose and change their organizations. The survey design was based on my research and experience over the past fifteen years and is intended to provide practitioners with a tool that will offer a simple, yet comprehensive look at four aspects of organizational culture that typically influence business performance. The survey is also a powerful research tool that helps link each organization using the survey to past research and to current studies.

This guide is designed to anticipate the many questions that professionals have when using the tool. We recognize that the survey is only as good as its *application*, so we have tried to provide you with all the information that you will need to get the maximum impact from using the survey. If you encounter problems or issues that are not addressed in this guide, please let us know. We value the partnership that we form with each user of the survey, and will do everything that we can to support you and your efforts.

There are several parts to this guide. In general, we have tried to address both the technical issues regarding the survey, as well as the issues of process involved in the administration, interpretation and application of the survey results. In my experience, a successful organizational change project not only depends upon a quality survey that is easily interpreted, it also requires a process that incorporates leadership commitment, business understanding, and the needs of key stakeholders. It is this process that moves the organization from interpretation to action planning. While it is impossible to “script” this process from beginning to end, we have tried to give you guidelines on the survey process, the feedback process, and how to focus on “*Lever for Change*.”

Good luck with your project! Let us know how it goes and what we can do in the future to better support your efforts.

Daniel R. Denison, Ph.D.

"The more responsibility and authority you can give an employee, the better the return on your investment."

Daniel R. Denison, Ph.D.
University of Michigan
Business School
USA Today

Introduction

This leader's guide supports your use of the *Denison Organizational Culture Survey* by providing you with the basic background materials on all aspects of the survey, from the technical validity and the interpretation of results to the design of a change process using the survey as a diagnostic tool. The guide begins by giving an overview of organizational culture and how the survey and its underlying model were developed to help address some of the issues that organizations face as they attempt to "manage" their cultures.

The second section of the guide focuses on the model that underlies the *Denison Organizational Culture Survey*. After an initial overview of the model as a whole and a discussion of the impact that the factors measured by the survey can have on the performance of an organization, this section describes how to interpret the results from an organizational profile and from the line-item feedback. This section ends with a detailed discussion of the survey indices and items, and links them directly to the model.

The third section of the guide focuses on the organizational processes that are required to move an organization from the diagnosis and interpretation stage to concrete action. This section gives some guidelines in several areas. Initially, it provides a set of process guidelines designed to help guide your project; second, some guidelines on how to design a feedback meeting; and third, a description of "*Levers for Change*" that have been used successfully by other organizations.

The fourth section of the guide focuses on the logistics of conducting the survey. In this section, guidelines and suggestions are made for each step of the survey administration process, including outlines and supporting materials for conducting planning meetings. And finally, the last section of this guide includes a set of helpful supporting materials. These include a color overhead of the Denison Organizational Culture Survey Model and black and white overhead originals for making presentations and reference materials such as copies of sample reports, a description of the validity of the survey, two of Dr. Denison's articles, and suggested references for further reading.

Overview

What is culture?

Late nineteenth and early twentieth century studies of social anthropology gave us the term "culture." These studies of "primitive" societies - Eskimo, South Sea, African, Native American - revealed ways of life that were not only different from those in America and Europe, but were very different from each other among themselves. Each society revealed its own unique way of *adapting* as a social system. The concept of culture thus represents, in a very broad and holistic sense, the qualities of any specific human group that are passed from one generation to the next because they are believed to be *useful for survival and adaptation*. The American Heritage Dictionary defines "culture" more formally, as the "totality of socially transmitted behavior patterns, arts, beliefs, institutions, and all other products of human work and thought characteristic of a community or population."

What is organizational culture?

Every organization has its own way of doing things that influences virtually every aspect of working life -- from how long coffee breaks are to how products and services are sold. Thus, organizational culture refers to the underlying values, beliefs and principles that serve as a foundation for an organization's management system, as well as the set of management practices and behaviors that both exemplify and reinforce those basic principles. These principles and practices endure because they have meaning for the members of an organization. They represent strategies for survival that have worked well in the past and that the members believe will work again in the future.

Some aspects of organizational culture, such as individual behavior and group norms, are very *visible*. "Working hard," "dressing conservatively" or "acting friendly to customers" are aspects of culture that are easy to observe. Other aspects of culture are harder to observe, since they represent the *invisible* assumptions, values and core beliefs. Examples of this less visible level of culture might be a belief in the importance of "doing things right the first time," "being honest and ethical in all transactions," or "going beyond expectations to satisfy the customer."

The messages that come from an organization's culture are closely linked to the organization's strategy and management practices, and have great impact on the people who work there. The cultural system can not be easily seen or touched -- yet it is there all the same. And more importantly, the people in the organization know it very well. The law of the culture often outweighs any other law. In many organizations, it may be the strongest message of all.

Where do organizational cultures come from?

The ideas, behavior patterns and solutions that become embedded in a culture can originate anywhere, from an individual or group, or at the bottom or top of the organization. Organizations with strong cultures usually internalize ideas associated with a founder or other early leaders, and articulate them as a vision, a business strategy or a philosophy.

Organizations have cultures because the conditions needed for their creation are commonplace. Solutions that repeatedly appear to solve problems tend to become part of the culture. The longer the solution seems to work, the more deeply it becomes embedded in the culture.

Cultures can grow to be extremely strong, reinforced by common values, behavior patterns and practices, with many close connections between deeply held assumptions and visible concrete behaviors. When a culture is strong, it can have very powerful consequences. It can enable a group to take rapid and coordinated action to respond to a competitor or to satisfy a customer. Unfortunately, during changing times, a strong culture can also lead intelligent people to walk, in concert, off a cliff.

Why is organizational culture important?

A clear understanding of organizational culture is important for all leaders because it influences the way that their organizations react to the changing demands of the business environment. At any given time, the culture of an organization is strongly influenced by the past successes and past learnings about how to adapt and survive. As the business environment changes, leaders must constantly anticipate the necessary changes and actively monitor the relationship between the demands of the environment and the capabilities of the organization.

When there is a “gap” between the capabilities of the organization and the demands of the business environment, many organizations attempt to close that gap by re-engineering or by making broad structural changes. These changes are often helpful, but most successful organizational changes also require changes in the mindset, values and behavior of the organization’s members. Without creating these changes, changes in basic capabilities of the organization are impossible. That is why many organizations are discovering that successful change requires careful attention to the “soft” side of organizations -- the values and beliefs that are the “heart of the company”, the policies and practices that put those values into action, and the importance of teaching the members of the organization an understanding of how they create value for their customers.

What is the *Denison Organizational Culture Survey*?

Over the past decade, Dr. Daniel Denison, a professor of Organizational Behavior at the University of Michigan Business School, has done a number of studies examining the relationship between organizational culture and organizational effectiveness. Professor Denison's research can be found in his book, *Corporate Culture and Organizational Effectiveness*, as well as in the articles that are included in this guide. His research has uncovered a persistent relationship between four cultural traits of organizations and the business performance of organizations. These four traits, *Involvement*, *Consistency*, *Adaptability* and *Mission*, are the basis for the model underlying the *Denison Organizational Culture Survey*.

The survey is a 60-item instrument that is designed to give a simple, yet comprehensive analysis of the culture of an organization by evaluating the underlying cultural traits and management practices that influence business performance. After organizational members complete the survey, the data are returned to a Scoring Center. Results are presented in a Summary Report that includes the organization's graphic profile, a line-item report summarizing the organization's scores on each individual item, and a listing of "Levers for Change" that may be appropriate for the organization.

Applications

What are some suggested applications?

The *Denison Organizational Culture Survey* is a powerful tool that enables leaders, key stakeholders, and employees to understand the impact their culture has on the organization's performance and learn how to redirect their culture to improve organizational effectiveness.

Companies have used the *Denison Organizational Culture Survey* in many different ways. Following are more detailed descriptions of many of these applications.

General Business

The Denison Organizational Culture Survey is a tool which helps organizations, divisions and teams (and the individuals within each) attain:

- A baseline assessment of current cultural strengths and weaknesses.
- An understanding of current culture relative to high performing organizations - within a norming base of approximately 500 companies.
- A benchmark against which to target change efforts - relative to specific desired performance.
- A clear prioritization of short, mid and long-term change efforts - relative to the results sought for each of these time frames.
- An understanding of bottom-line related performance (*profitability, sales/revenue growth, market share, quality, innovation and employee satisfaction*) with direct links to cultural elements which may be supporting or hindering these performance areas.
- The development of individual leaders who can support and sustain the desired benchmarked culture.
- A shared understanding, a shared language, and shared expectations concerning culture and its implications for both individual and group results.
- An understanding and utilization of culture as a business oriented, behavioral, tangible, and results-oriented mechanism as opposed to the intangible, cumbersome, and often difficult-to-implement notions of culture.

Merger/Acquisition

Implementation of the Denison Organizational Culture Survey within two or more organizations undergoing a merger can facilitate:

- An understanding of the organizations' areas of similarity and/or difference for the purpose of planning and implementation of integration efforts.
- A prioritization of intervention efforts relative to short, mid and long-term integration demands and goals.
- The creation of a cultural benchmark for which the integrated organizations can strive.
- The creation of a "third thing" (*now understood to be essential to merger success*) which will move the focus from "each other" (*blaming, fear and internal competition*) and toward a common, shared culture to be created.
- The design of leadership selection/development plans across the merged organization which support the creation of the desired, shared culture.

Facing Industry Restructuring

Implementation of the Denison Organizational Culture Survey within an organization facing industry restructuring can facilitate:

- The identification of those cultural areas which, although supportive of success in a previous environment, will hinder success in a new environment.
- The identification of those internal cultural strengths which can be leveraged to support success in the changing and uncertain environment ahead.
- Benchmarking against other companies which have successfully transitioned into a restructured and highly uncertain environment.
- The targeting and prioritizing of culture change efforts to match desired results - at the organizational, departmental and team levels.

Start-Up Venture

Implementation of the Denison Organizational Culture Survey within a new or young company can facilitate:

- The creation of a cultural benchmark early in the organization's existence in order to focus organizational development efforts on high impact cultural areas.
- The identification of immediate areas of focus which will support the organization and its members in attaining rapid results:
 - *Does the organization have a clear mission ?*
 - *Does it have strong "bench strength"?*
 - *Does it have systems sufficient to support initial performance goals?*
 - *Does it have avenues for effective communication among the ranks and teams for the purpose of operations, addressing customer concerns, and growth?*
 - *Is the organization concerned with the customer's viewpoint and needs?*
- Attainment of a baseline against which the start-up can later assess itself and shift/re-order development efforts as it moves forward.

A New CEO

Implementation of the Denison Organizational Culture Survey upon arrival of new CEO or top leader can facilitate:

- The new leader's rapid understanding and interpretation of organizational (*as well as departmental/ divisional/team*) strengths and weaknesses, and prioritization of these areas for both leverage and development.
- The new leader's understanding of the organization's specific performance challenges via a cultural framework (*system functioning, cross-functional break-downs, broad-level as well as specific strengths and weaknesses, links of the organization's culture to performance factors, etc.*).
- A baseline against which the new leader can later measure his/her success in moving the organization forward toward high performance.

An Organization in Decline

Implementation of the Denison Organizational Culture Survey within an older company facing difficulty responding to change or encountering decline can facilitate:

- The interpretation of cultural factors and their possible links to the decline of the organization's performance.
 - *Is there a clear mission for the organization?*
 - *Is there enough adaptability/flexibility in the organization to respond to a changing environment?*
 - *Are the systems current and supportive of successful goal attainment?*
 - *Is the organization continuing to learn and develop the competencies of its personnel?*
 - *Is the organization listening to and responding to the concerns of its customers - or is it "doing what has always worked" regardless of what the customer wants?*
- The prioritization of efforts to reverse the decline relative to areas of specific cultural strengths and weaknesses and desired business results.

New Strategic Initiative

Implementation of the Denison Organizational Culture Survey within an organization or division facing customer service challenges can facilitate:

- The understanding of whether or not the necessary cultural conditions exist to support the successful implementation of the initiative.
 - *Is the mission clear?*
 - *Is there high involvement and support for the initiative?*
 - *Is there the required adaptability to support a new/different path?*
 - *Are the systems and structures in place to ensure the initiative's quality implementation?*

- The prioritization of systemic-efforts (*communication processes, systems, competency requirements, cross-team efforts, etc.*) which must be implemented simultaneous to the new strategy to ensure success.

Customer Service Challenges

Implementation of the Denison Organizational Culture Assessment within an organization or division facing customer service challenges can facilitate:

- The identification of the key cultural elements which are acting as barriers to customer service.
 - *Do individuals at all levels embrace and "own" customer service as a performance priority? Are individuals at all levels held accountable for providing quality customer service ?*
 - *Are individuals empowered, trained and provided resources to act on the customer's behalf?.*
 - *Are customer service decisions made at the level where the most information resides?*
 - *Are systems in place to provide integrated responses to customer needs?*
 - *Are customers' concerns sought and integrated into strategic decisions and goals?*

- The definition and prioritization of actions to quickly address the cultural weaknesses which are serving as primary barriers to customer service.

A Unique Culture Model

What is Unique About This Culture Model?

Organizational culture is often seen as an important but elusive phenomenon. Everyone speaks of the importance of organizational culture, particularly since the landmark publication of Peters' and Waterman's *In Search of Excellence* in 1982. However, many executives and organizational change specialists are hard pressed to claim that they can diagnose a culture with the precision needed to improve it and strengthen an organization's performance. By and large, academic research on culture has not supported the efforts of practitioners. It is often theoretical or based on qualitative case studies that can not be reliably replicated in the field. There is a body of survey research, which claims to measure culture, but it is usually limited to questions about organizational climate; about how the organization feels to its employees. However, that is an indirect and limited way of getting at the features of culture that are most important according to major theorists and popular business writers. A culture is based on a widely shared underlying set of beliefs and values that actually affect a broad range of behaviors.

The *Denison Organizational Culture Survey* was developed to overcome the problems with existing approaches. Over 20 years of work was invested in finding ways to measure relevant behaviors and beliefs, rather than focusing on the general emotional climate of the workplace. At every stage there was also a concern with validating the measures and models by subjecting them to the real world test: are we measuring culture in ways that predict performance? The model was subjected to the ultimate test: can it predict revenue generation and profitability? In addition the model was developed for practitioners. The items are specific enough so that a low score on a particular item provides an indication of the proper remedial action.

The *Survey* is not just a collection of 60 items. It is organized with an informative and intuitive model that allows one to discern patterns, not just individual scores.

The following is a comparison of the Denison Model and other culture models.

How is this culture model different?

THE DENISON MODEL

- is behaviorally based
- was designed and created within the business environment
- uses business language to explore business-level issues
- is linked to bottom-line business results
- is fast and easy to implement
- is applicable to all levels of the organization

OTHER CULTURE MODELS

- are often psychologically based or personality based
- are often designed and created within the academic environment
- often use non-business language which must be converted through interpretation to the business context
- are often unclear about specific links to business results; little if any research conducted placing cultural elements in relation to performance
- often require extensive time to implement assessment and/or interpret results in the business context
- were specifically designed for either top level or front line implementation

The Culture Model and the Bottom Line

What is the relationship between cultures and organizational effectiveness?

As early as 1984 Dr. Denison was publishing research on the relationship between organizational culture and financial performance. In his initial reports he compared those organizations scoring in the top half of all organizations with those in the bottom half. He then tracked their financial performance for 5 years after the measures were taken. To avoid any biasing of results he confined the study to publicly held firms for which accurate data was obtainable from Standard and Poor's statistical service, COMPUSTAT.

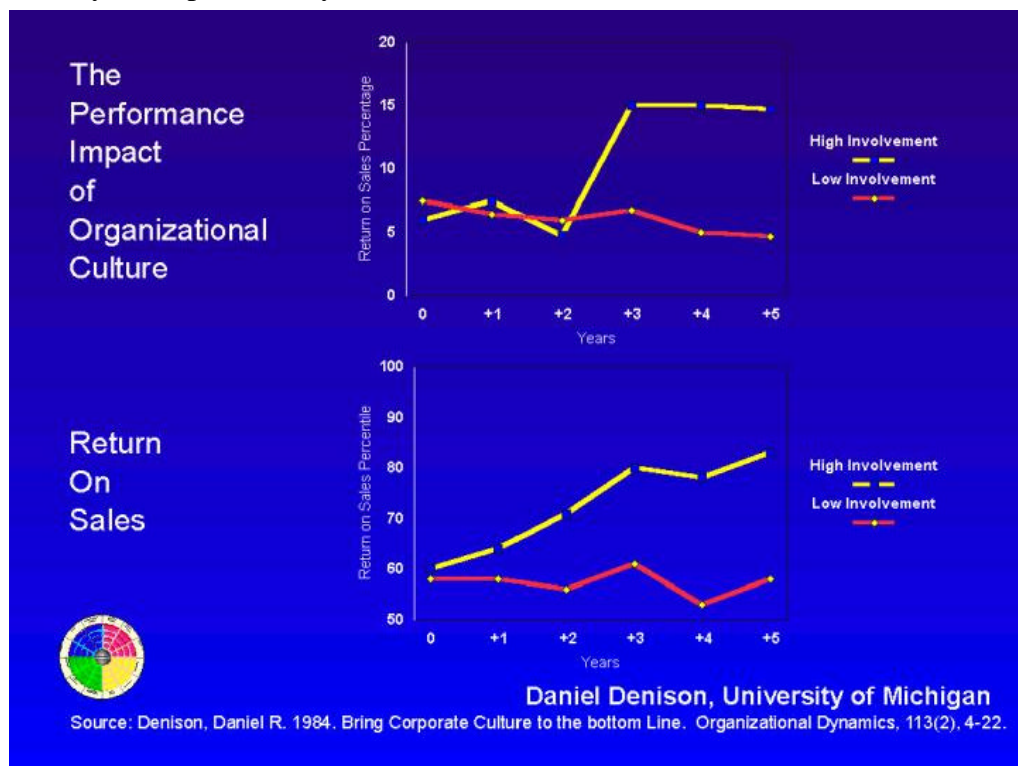
Using this data he calculated the following measurements:

Return on Investment (ROI) *Return on Investment* is based on a formula where all income is considered against all investments including minority interest and long term debt. This makes comparisons more meaningful across organizations with different financing arrangements. It is the ultimate investor's criterion of success. See Appendix B for more details on profit ratios.

Return on Sales (ROS) *Return on Sales* is a simple ratio of income to sales. It is a good indicator of the efficiency of the company's operations. It is a particularly good measure for comparing firms within an industry.

As you can see from Figure 1 and Figure 2, organizations with stronger cultures (as measured in this case by *involvement*) are also better financial performers. What is very striking is the trend over time. At first stronger cultures do only slightly better, but the effects of stronger cultures are cumulative. By the end of 5 years, the effect is dramatic. The statistical measure for performance was adjusted to standardize scores within an industry since profitability varies across industries.

Figure 1



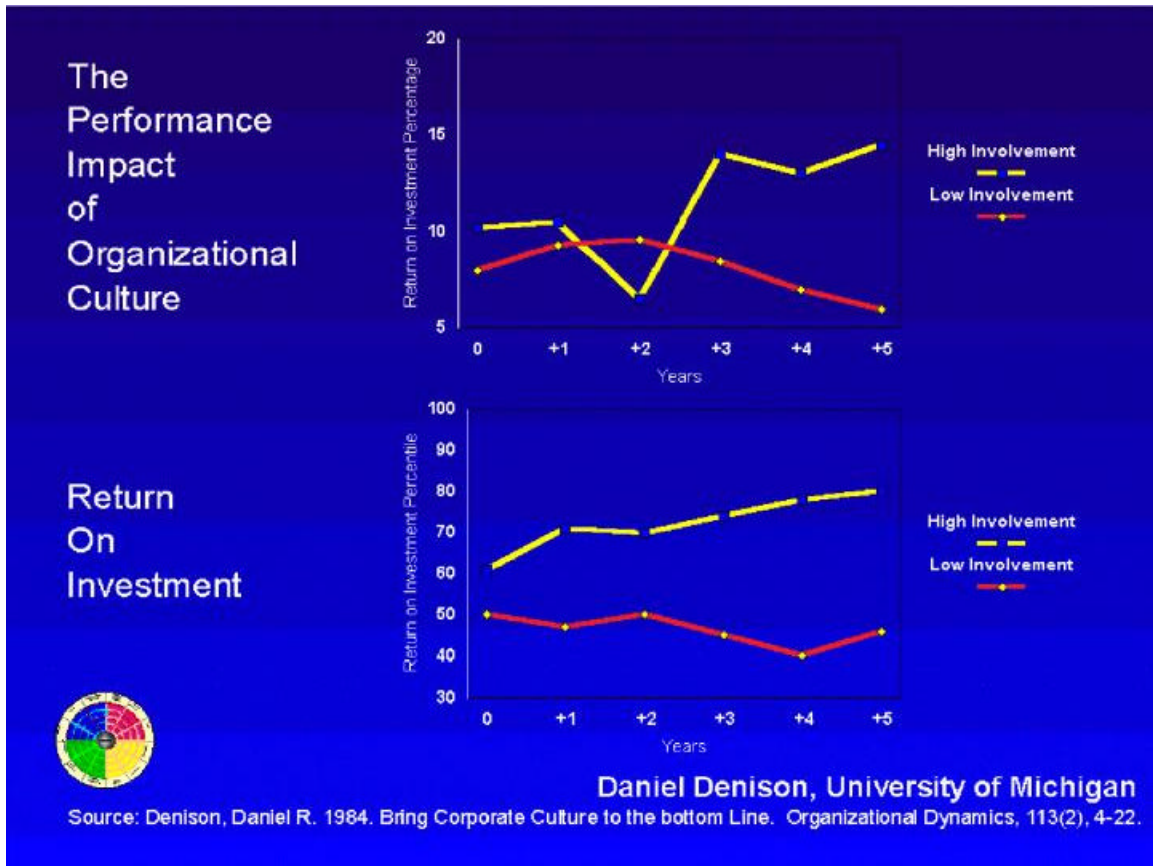


Figure 2

The above tables are based on one indicator of culture, *involvement*. A number of other indicators were tested in Dr. Denison's early research including:

- Job reward
- Decision making practices
- Inter-unit coordination
- Emphasis on human resources
- Organization of work
- Supervisory leadership

All of these measures showed significant relationships to financial performance. However, some the effects did not increase over time. The most substantial long-term effects occurred on organization-wide indicators such as inter-unit coordination and involvement.

What is the evidence for the Denison organizational culture model?

Building on his earlier research, Dr. Denison developed the current model which group: measures of an organization's culture into the following four *traits*:

- **Involvement** (by employees in decisions and day to day tasks)
- **Consistency** (of organizational procedures)
- **Adaptability** (organizational change in response to customers and markets)
- **Mission** (a sense of direction and performance expectations)

A full description of the four traits listed above is provided in Section II.

Subsequent evaluations and research confirmed and extended Denison’s earlier results. He again conducted his research using objective measures of business performance. These measures were:

Return on Assets (ROA) *Return on Assets* is based on a formula comparing all income against all assets. This is a traditional business performance measure.

A – Correlation Between Culture Traits and Return on Assets				
	Total Sample (N = 220)		Sub-Sample (N = 24)	
	ROA 1989	ROA 3-Year Average	ROA 1989	ROA 3-Year Average
Involvement	0.00	0.09*	0.35**	0.23
Consistency	0.11*	0.14**	0.36**	0.31*
Adaptability	0.07	0.12**	0.25	0.22
Mission	0.11*	0.10'	0.48***	0.55***

Sales Growth *Sales growth* is measured as a percentage increase over one year and the average percentage increase over three years.

As you can see in the next figure, there are substantial statistically significant relationships between all of the traits and the performance measures. All of the traits affected Sales Growth, for both one and three years. In addition, all of the traits except *adaptability* significantly affected Return on Assets over one and three year periods. *Adaptability* did not have a significant relationship, but the correlation to Return on Assets was in the expected direction, and the magnitude was substantial.

B – Correlation Between Culture Traits and Sales Growth				
	Total Sample (N = 409)		Sub-Sample (N = 50)	
	Sales Growth 1989	Sales Growth: 3-Year Average	Sales Growth: 1989	Sales Growth: 3-Year Average
Involvement	0.07*	0.05	0.25**	0.25**
Consistency	0.05	0.02	0.18*	0.18*
Adaptability	0.08**	0.08**	0.25**	0.24**
Mission	0.08**	0.08**	0.22*	0.22*

*p W .10

*p W .05

*p W .01

Are These Results Plausible to Managers?

Dr. Denison surveyed managerial teams at 674 organizations to determine whether the model was in line with their perceptions. Managers were asked to rate their organization against firms on:

- Sales Growth
- Profits
- Quality
- Employee Satisfaction
- Overall Performance

As you can see in the table below, there were significant correlation between the culture scores for these firms and their own manager's perceptions of performance. All of the traits were significantly correlated to overall performance, employee satisfaction and quality. Sales growth and profits showed weaker correlation to some of the traits. However, these are performance areas where results are slower to appear, and this analysis was based on current performance. As shown earlier, performance in these areas over longer periods is significantly affected by culture traits.

Correlation Between Culture Traits and Subjective Effectiveness Measures

(N = 674)

	Sales Growth	Profits	Quality	Employee Satisfaction ance	Overall Perform-
Involvement	0.04	0.01	0.26***	0.32***	0.16***
Consistency	0.03	0.13'***	0.29***	0.33***	0.29***
Adaptability	0.08**	0.06	0.20***	0.21***	0.18***
Mission	0.22***	0.10'***	0.18***	0.27***	0.35***

Subsequent doctoral dissertation research by C. J. Fisher provided further evidence of the relationship between scores on the *Denison Organizational Culture Survey* and managers' perceptions of performance. As you can see in the next table, there is a substantial pattern of relationships between culture traits and performance.

Involvement - High employee *involvement* affects performance in all areas, though its effect is weaker for Sales Revenue and Market Share. In all likelihood, this is because of the short term time frame of this study. As you saw in Figure 1-1, the effects of involvement manifest most dramatically after five years.

Mission - A strong, clear organizational sense of *mission* affects all areas of performance with the exception of innovation in product development.

Adaptability - *Adaptability* also affects all areas of performance except for profitability and return on assets. Once again, this is likely because of the short-term time frame of the study. As noted in this section, the payoff for adaptability appears over a 3 year period. Initially, adaptability may increase costs, but payoffs materialize at a later date.

Consistency - Consistency is the trait with the narrowest scope of short term effect. Its main impact is on quality and employee satisfaction. Clearly, quality and employee satisfaction have an eventual impact on financial performance. Managers in need of very quick improvements of financial performance would do best to focus on improving other traits first.

**Observed Relationships Between Culture
Traits and Manager Perceptions of Performance***

PERFORMANCE (perceived)	CULTURE TRAIT			
	Involvement	Consistency	Adaptability	Mission
Profitability/ROA	++			++
Sales Revenue	+		++	++
Market Share	+	+	++	++
Quality of Products and services	++	++	+	++
Product Development and Innovation	++		++	
Employee Satisfaction	++	++	+	++

* Based on Research by CJ Fisher

*Statistical regression analysis was used to refine estimates and exclude demographic effects of an organization's size and industry. Instead of correlation, the resulting statistic was a regression coefficient which can not be intuitively presented. The entries of + or ++ in this table are all significant at the .05 level or better. The stronger marking of ++ was applied when the relationship was stronger which is somewhat similar to a higher correlation.

In this section we have reviewed several studies using different approaches. They all converge on the same point: culture, when measured with the Denison Organizational Survey, is an important predictor of organizational performance.

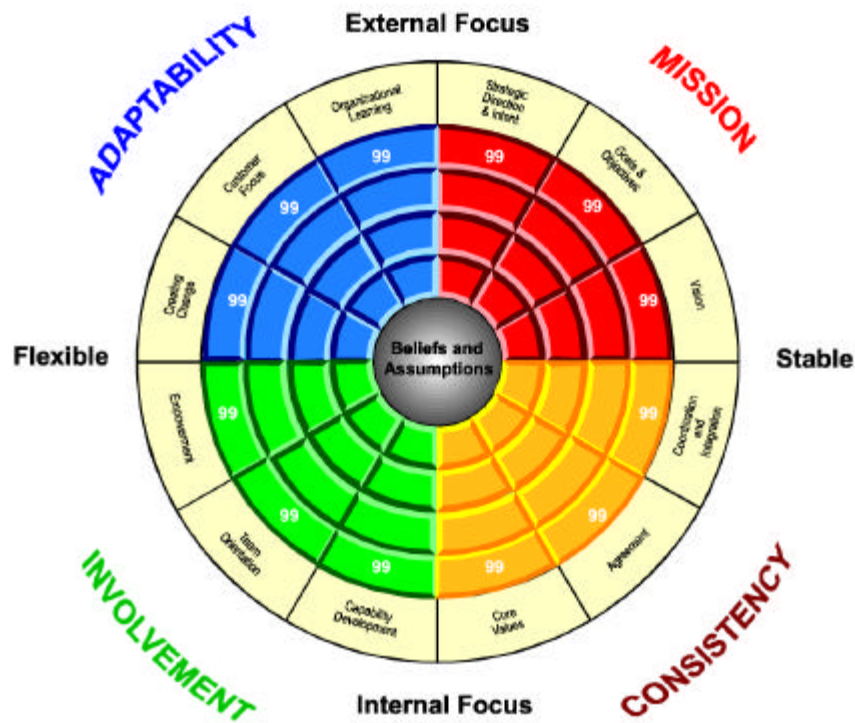
SECTION TWO - UNDERSTANDING THE SURVEY AND THE MODEL

UNDERSTANDING HOW CULTURE AND
BEHAVIOR IMPACT THE BOTTOM LINE

The Culture Model

What is the underlying model for the *Denison Organizational Culture Survey*?

The model underlying the *Denison Organizational Culture Survey* is based on the four cultural traits of *Involvement*, *Consistency*, *Adaptability* and *Mission* that have been developed through Dr. Denison's research. For each of these four traits, the model defines three indices of managerial practice, and then measures these twelve resultant indices with a 60-item questionnaire.



Denison Organizational Culture Model Circumplex

The model recognizes that cultural traits, managerial behaviors, and even organizational strategies can all be linked to a core set of beliefs and assumptions about the organization and its environment. These core beliefs and assumptions lie at the heart of an organization's culture. In the Denison Organizational Culture Model, these core beliefs and assumptions are summarized in terms of four main cultural "traits" that appear, through research, to have an impact on organizational performance.

These underlying traits are expressed in terms of a set of managerial practices -- concrete activities that are linked to the four culture traits. These practices stem from and reinforce the dominant beliefs, values and assumptions of the organization. These managerial practices are measured using the twelve indices that make up the model.

Why is the circumplex divided into four quadrants?

The four quadrants of the model (see p. 2-1) represent the four traits. Each quadrant includes three indices of managerial practice that are linked to each of the traits. The traits and the indices are presented in terms of two underlying dimensions, *flexibility vs. stability* on the horizontal axis and an *external vs. internal* focus on the vertical axis.

The profile splits horizontally to distinguish between an external focus (top half) and an internal focus (bottom half). *Involvement* and *Consistency* address the internal dynamics of an organization, but do not address the interaction of the organization with the external environment. *Adaptability* and *Mission*, in contrast, take as their focus the relationship between the organization and the external environment.

The profile splits vertically to distinguish between a flexible organization (left half) and a stable organization (right half). *Involvement* and *Adaptability* emphasize an organization's capacity for flexibility and change. Opposite that, *Consistency* and *Mission* emphasize the organization's capacity for stability and direction.

A system oriented toward *Adaptability* and *Involvement* will introduce more variety, more input, and more possible solutions to a given situation than a system oriented toward a high level of *Consistency* and a strong sense of *Mission*. In contrast, a bias towards *Consistency* and *Mission* is more likely to reduce the variety and place a higher emphasis on control and stability.

While research shows that the four traits in the model each have a positive impact on performance, some of the traits, at least on the surface, may appear to contradict others. For example, highly consistent cultures may become inbred, and may be the most difficult to change. In contrast, highly adaptive cultures may have difficulty achieving the high rates of efficiency or shared sense of purpose often found in cultures that are well integrated.

In a similar sense, the traits of *Mission* and *Involvement* may also seem contradictory: the meaning and direction established by an organizational mission may limit the involvement of some of the organization's members. As many organizations have discovered, simply declaring a new organizational mission does not necessarily imply the support and commitment of the organization's members. By the same token, high involvement among an organization's members does not necessarily imply a clear sense of direction and purpose.

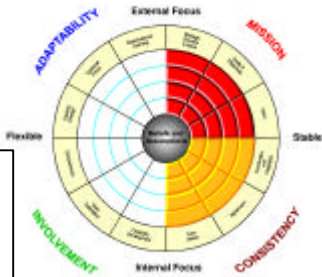
Denison's research has demonstrated that the culture of an effective organization must reflect all of these characteristics. Thus, effective organizations are likely to have cultures that are adaptive, yet highly consistent and predictable, and that foster high involvement, but do so within the context of a shared sense of mission.

The Denison Culture Model and Business Performance

How do the traits impact the bottom line? _____

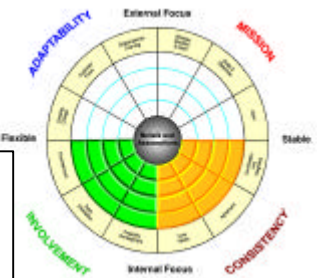
In over a decade of research, Dr. Denison studied the correlation between the cultural traits in this survey (*Involvement, Consistency, Adaptability* and *Mission*) and organizational effectiveness measures. A number of performance indicators were examined for each of the companies included in the research: return on assets, return on investment, product development, sales growth, market share, quality and employee satisfaction. Dr. Denison found that nearly all of the correlation between cultural traits and organizational effectiveness measures were significant and that each of the four cultural traits showed significant positive correlation with a wide range of subjective and objective measures of organizational effectiveness. Using this framework, one can understand how each set of traits may impact specific performance measures and an organization's bottom line.

Stable
Mission
+
Consistency



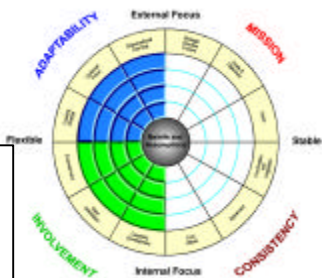
Mission & Consistency tend to impact financial performance measures such as Return on Assets (ROA), Return on Investment (ROI) and Return on Sales (ROS). When their rankings fall within the third and fourth quartiles, this typically indicates high returns on assets, investments and sales, and operational strength.

Internal
Involvement
+
Consistency



Consistency & Involvement tend to impact quality, employee satisfaction and Return on Investment. When their rankings fall within the third and fourth quartiles, this typically indicates higher levels of quality, fewer defects and less rework, good utilization of resources, and higher levels of employee satisfaction.

Flexible
Adaptability
+
Involvement



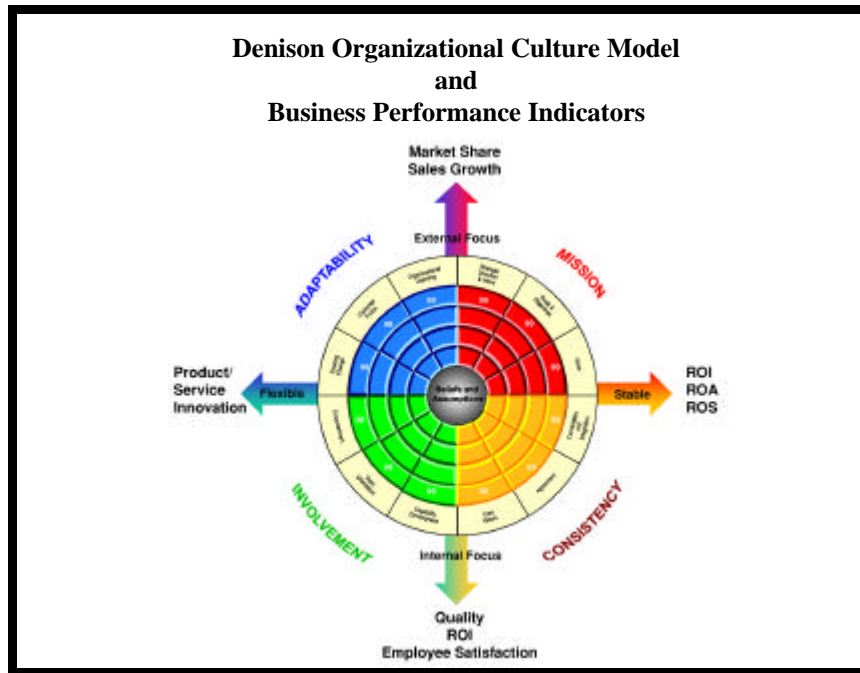
Involvement & Adaptability typically impact product development and innovation. When their rankings fall within the third and fourth quartiles, this typically indicates higher levels of product and service innovation and creativity, as well as a fast response to customers' and employees' changing needs.

External
Adaptability
+
Mission



Adaptability & Mission typically impact revenue, sales growth and market share. When their rankings fall within the third and fourth quartiles, this typically indicates continually increasing sales growth and market share.

The following figure outlines the correlation between the cultural traits and organizational effectiveness measures.



For additional background on this research, two of Dr. Denison's articles are included in Section Five of this guide. A complete discussion of his initial research is found in his book *Corporate Culture and Organizational Effectiveness*.

Understanding the Results

How do you interpret the overall results from the profile?

To simplify the interpretation of the scores, the profile depicts the scores as a percentage. This method of presenting the data simply compares your organization to other organizations that have taken the survey, and classifies the scores for your organization as a percentage score compared to the average scores of other organizations.

Indices with scores in the first or second quartiles are areas of vulnerability and deserve attention. By scoring under the 50th percentile, the profile shows that more than 50% of organizations score higher in these areas. By reviewing your organization's score for the indices within each trait, you receive a profile of your organization's culture. This will provide you with information regarding strengths and weaknesses of your organization as compared to competitors or other organizations. It will also assist in developing an action plan to direct your organization toward higher performance.

How do you interpret the results for each item?

Much like the circular profile, the line-item section of the Summary Report displays your organization's score on each item as a percentile score. Your organization's score on each item is compared to that found in other companies which have participated in the survey. The line-item report provides important details regarding how an organization's overall score on an index was derived, and identifies specific areas of strength and weakness. It is an excellent tool in the action-planning process to pinpoint specific developmental opportunities.

What do the quartiles represent?

Since the *Denison Organizational Culture Survey* was published at the end of 1995, the database for the survey has been constantly expanding. Currently, at the time that this revised guide is going to press in early 1999, over 500 organizations have used the survey and form the comparison base used to compute the quartile scores for each new organization. The database is updated frequently and by late 1999, we plan to have over 1000 organizations in the database. The "norms" for each item and index are established by re-computing the "cut-points" for the 25th, 50th and 75th percentile each time the database is updated. The database now includes a wide variety of large and small organizations, including manufacturing, service, retail and financial. Thus far the database primarily includes organizations from the USA, but some translations have been completed, and corporate research partners are being established in several other countries.

What is the relationship between the percentile scores for the items and the percentile scores for the indices?

A question that sometimes arises when interpreting the results is the relationship between the percentile scores for individual items and the percentile scores for the overall index. This question often arises when the percentile score for an index is not the same as the average of the percentile scores for the items. An index score is calculated by taking the raw average of the 5 line items for that index, then norming them against other organizations. The raw average is computed by taking the scores from the surveys (1-5) and calculating each item's average. For example, let's say that the raw average of the 5 line items that make up an index are 3.4, 3.6, 4.0, 4.1 and 4.2. To compute the index score, we 1st take the raw average of these 5 items (which is 3.86), then compare this average (3.86) against the norm for all organizations for the same index (their raw averages). Since this score is determined from the raw averages of the line items instead of an average of their percentiles, you cannot just take an average of the line items' percentiles for the index score. This further demonstrates the importance of reviewing line-item feedback to clearly understand how your organization's scores were derived and to pinpoint specific areas that need attention.

Explanation of each of the Traits and Indices

The final part of this section on understanding the survey and the model provides a detailed discussion of each of the four traits and their component indices, and lists the items that make up each.

What is the Involvement Trait?

Involvement - Building human capability, ownership, and responsibility.

Organizational cultures characterized as "highly involved" strongly encourage employee involvement, and create a sense of ownership and responsibility. They rely on informal, voluntary, and implied control systems, rather than formal, explicit, bureaucratic control systems. Out of this sense of ownership grows a greater commitment to the organization and an increasing capacity for autonomy. Receiving input from organizational members increases the quality of the decisions and improves their implementation.

The indices of the Involvement Trait are:

- ◆ Empowerment
- ◆ Team Orientation
- ◆ Capability Development

Empowerment - Individuals have the authority, initiative, and ability to manage their own work. This creates a sense of ownership and responsibility toward the organization.

The survey items that comprise the Empowerment index are:

- ◆ Most employees in this organization are highly involved in their work.
- ◆ Decisions in this organization are usually made at the level where the best information is available.
- ◆ Information is widely shared in this organization so that everyone can get the information s/he needs when it is needed.
- ◆ Everyone in this organization believes that s/he can have a positive impact.
- ◆ Business planning in our organization is ongoing and involves everyone in the process to some degree.

Team Orientation - Value is placed on working cooperatively toward common goals for which all employees feel mutually accountable. The organization relies on team effort to get work done.

The survey items that comprise the Team Orientation index are:

- ◆ Cooperation and collaboration across functional roles are actively encouraged in this organization.
- ◆ Working in this organization is like being part of a team.
- ◆ Work is sensibly organized in this organization so that each person can see the relationship between his/her work and the goals of the organization.
- ◆ Teams are the primary building block of this organization.
- ◆ This organization relies on horizontal control and coordination to get work done, rather than hierarchy.

Capability Development - The organization continually invests in the development of employees' skills in order to stay competitive and meet ongoing business needs.

The survey items that comprise the Capability Development index are:

- ◆ This organization delegates authority so that people can act on their own.
- ◆ The capability of the people in this organization is viewed as an important source of competitive advantage.
- ◆ This organization continuously invests in the skills of its employees.
- ◆ The "bench strength" of this organization is constantly improving.
- ◆ Problems often arise in my organization because we do not have the skills necessary to do the job.

What is the Consistency Trait?

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

Consistency provides a central source of integration, coordination and control. Consistent organizations develop a mindset and a set of organizational systems that create an internal system of governance based on consensual support. They have highly committed employees, key central values, a distinct method of doing business, a tendency to promote from within, and a clear set of *do's* and *don'ts*.

Consistency creates a "strong" culture based on a shared system of beliefs, values and symbols that are widely understood by members of an organization. Implicit control systems based on internalized values can be a more effective means of achieving coordination and integration than external-control systems that rely on explicit rules and regulations.

The power of this method of operation is particularly apparent when organizational members encounter unfamiliar situations. It enables individuals to better react in a predictable way to an unpredictable environment by emphasizing a few general, value-based principles on which actions can be grounded.

The indices of the Consistency Trait are:

- ◆ Coordination and Integration
- ◆ Agreement
- ◆ Core Values

Coordination and Integration - *Different functions and units of the organization are able to work together well to achieve common goals. Organizational boundaries do not interfere with getting work done.*

The survey items that comprise the Coordination and Integration index are:

- ◆ Our approach to doing business is very consistent and predictable.
- ◆ There is good alignment of goals across levels of this organization.
- ◆ People from different organizational units still share a common perspective.
- ◆ It is easy to coordinate projects across functional units in this organization.
- ◆ Working with someone from another part of this organization is like working with someone from a different company.

Agreement - *The organization is able to reach agreement on critical issues. This includes both the underlying level of agreement and the ability to reconcile differences when they occur.*

The survey items that comprise the Agreement index are:

- ◆ When disagreements occur, we work hard to achieve "win-win" solutions.
- ◆ This organization has a strong culture.
- ◆ There is clear agreement about the right way and the wrong way to do things in this organization.
- ◆ It is easy for us to reach consensus, even on difficult issues.
- ◆ We often have trouble reaching agreement on key issues.

Core Values - *Members of the organization share a set of values which create a sense of identity and a clear set of expectations.*

The survey items that comprise the Core Values index are:

- ◆ There is a clear and consistent set of values in this company that governs the way we do business.
- ◆ This company has a characteristic management style and a distinct set of management practices.
- ◆ The managers in this company "practice what they preach."
- ◆ This organization has an ethical code that guides our behavior and tells us right from wrong.
- ◆ Ignoring the core values of this organization will get you in trouble.

What is the Adaptability Trait?

Adaptability - Translating the demands of the business environment into action.

Organizations hold a system of norms and beliefs that support the organization's capacity to receive, interpret, and translate signals from its environment into internal behavioral changes that increase its chances for survival, growth and development.

Three aspects of adaptability impact an organization's effectiveness. First is the ability to perceive and respond to the external environment. Successful organizations are very focused on their customers and their competitors. Second is the ability to respond to internal customers, regardless of level, department or function. Third is the capacity to restructure and re-institutionalize a set of behaviors and processes that allow the organization to adapt. Without this ability to implement adaptive response, an organization cannot be effective.

The indices of the Adaptability trait are:

- ◆ Creating Change
- ◆ Customer Focus
- ◆ Organizational Learning

Creating Change - *The organization is able to create adaptive ways to meet changing needs. It is able to read the business environment, quickly react to current trends, and anticipate future changes.*

The survey items that comprise the Creating Change index are:

- ◆ This organization is very responsive and changes easily.
- ◆ This organization responds well to competitors and other changes in the external business environment.
- ◆ This organization continually adopts new and improved ways to do work.
- ◆ Attempts to change this organization usually meet with resistance.
- ◆ Different units in this organization often cooperate to create change.

Customer Focus - *The organization understands and reacts to their customer, and anticipates their future needs. It reflects the degree to which the organization is driven by a concern to satisfy their customer.*

The survey items that comprise the Customer Focus index are:

- ◆ Customer comments and recommendations often lead to changes in this organization.
- ◆ Customer input directly influences our decisions.
- ◆ All members of this organization have a deep understanding of customer wants and needs.
- ◆ We encourage direct contact with customers by members of the organization.
- ◆ The interests of the final customer often are ignored in our decisions.

Organizational Learning - *The organization receives, translates, and interprets signals from the environment into opportunities for encouraging innovation, gaining knowledge and developing capabilities.*

The survey items that comprise the Organizational Learning index are:

- ◆ This organization encourages innovation and rewards those who take risks.
- ◆ We view failure as an opportunity for learning and improvement.
- ◆ Lots of things "fall between the cracks" in this organization.
- ◆ Learning is an important objective in our day-to-day work.
- ◆ We make certain that the "right hand knows what the left is doing."

What is the Mission Trait?

Mission - Defining a meaningful long-term direction for the organization.

A mission provides purpose and meaning by defining a social role and external goals for the organization. It provides a clear direction and goals that serve to define an appropriate course of action for the organization and its members. A sense of mission allows an organization to shape current behavior by envisioning a desired future state. Being able to internalize and identify with an organization's mission contributes to both short and long-term commitment to the organization. Success is more likely when individuals and organizations are goal directed.

The indices of the Mission Trait are:

- ◆ Strategic Direction and Intent
- ◆ Goals and Objectives
- ◆ Vision

***Strategic Direction and Intent** - Clear strategic intentions convey the organization's purpose and make it clear how everyone can contribute, and “make their mark“ in the industry.*

The survey items that comprise the Strategic Direction and Intent index are:

- ◆ This organization has a clear mission that gives meaning and direction to our work.
- ◆ This organization has a long-term purpose and direction.
- ◆ The strategic direction of this organization is unclear to me.
- ◆ This organization has a clear strategy for the future.
- ◆ Our organization’s strategy is leading other firms to change the ways that they compete.

***Goals and Objectives** - A clear set of goals and objectives can be linked to the mission, vision, and strategy, and provide everyone with a clear direction in their work.*

The survey items that comprise the Goals and Objectives index are:

- ◆ There is widespread agreement about the goals of this organization.
- ◆ The leaders of this organization set goals that are ambitious, but realistic.
- ◆ The leadership of this organization has "gone on record" about the objectives we are trying to meet.
- ◆ We continuously track our progress against our stated goals.
- ◆ The people in this organization understand what needs to be done for us to succeed in the long run.

***Vision** - The organization has a shared view of a desired future state. It embodies core values and captures the hearts and minds of the organization's people, while providing guidance and direction.*

The survey items that compromise the Vision index are:

- ◆ We have a shared vision of what this organization will be like in the future.
- ◆ The leaders in this organization have a long-term orientation.
- ◆ Short-term thinking often compromises long-term vision.
- ◆ Our vision creates excitement and motivation for our employees.
- ◆ We are able to meet short-term demand without compromising our long-term vision.

SECTION THREE - CONDUCTING THE SURVEY

STEP-BY-STEP GUIDELINES FOR
ADMINISTERING THE SURVEY

General Guidelines

The *Denison Organizational Culture Survey* is a powerful diagnostic tool, but in order to create organizational change, it must be coupled with an equally powerful *process*. In our experience, the following set of guidelines is very useful in defining and managing the change process.

1. ***The purpose and objectives of the survey must be clear from the start.*** They may range from low-impact objectives such as “taking the temperature of the organization” or “completing this year’s survey” to high-impact objectives such as “provide diagnostic data to build culture accountability into the business-planning process,” or “evaluate the potential of the human organization in one of our new acquisitions.” The purpose and objectives should be clarified from the start. An ambiguous purpose seldom leads to decisive action.
2. ***The “ownership” of the process must be clear from the start.*** “Ownership” of the survey process might also range from low-impact strategy such as “Human Resources says we have to do this, or else” to a high-impact strategy such as “the CEO’s office wants to develop a better understanding of the impact that the work environment is having on our performance.” Broad ownership, with strong and active support from the top, is always best for creating change.
3. ***Define your stakeholders and use them as a steering committee.*** The stakeholders for your project might be “top management in the science and technology organization,” “all business unit heads,” or “the heads of our three largest labor unions.” These stakeholders may or may not be the primary “owners” of the process, but they will nonetheless determine whether it succeeds or fails. Having a clearly defined group to guide your change process is always to your advantage.
4. ***Design the process for built-in accountability.*** Successful culture change projects require managers to be accountable for the *action* that they take as a result of the survey process. Problem areas identified by the survey are regarded as opportunities for improvement and the ability to use the diagnosis to create action plans is the pay-off. Low-impact accountability might be, “will hold feedback sessions with all employees who completed the survey” or “will review the results of the survey at the next meeting of the operating committee”.

Higher impact accountability might include “will incorporate the discussion of the results into the business- planning process at the next top management meeting” or “will require individual business units to present their plans for responding to the opportunities and challenges presented by the survey results.” A process with accountability will reinforce the idea that managing the culture is the collective responsibility of all members of the organization. A process without accountability will reinforce the idea that the culture of the organization is something fuzzy and unmanageable that no one can do much about.

- 5. *Define the process as you define the project.*** Successful projects usually define an integrated set of events built around the culture survey that lead to a clearly defined set of objectives. For example, one client we worked with linked their human resource planning process, an individually focused 360° feedback process for leaders, and the planning process for setting next year’s individual performance targets with the culture survey. Their human resources agenda was, in effect, driven by the problems and opportunities identified by the survey and the discussion of the results by top management.

In another organization, the model and the culture diagnosis was used as a centerpiece of the organization’s management development efforts. When the top management groups from each of the organization’s business units went to a management development session, they came with a survey diagnosis of their organization as a key part of their personal and organizational development agenda.

Conducting the Survey

A three-phase process is usually followed to administer the *Denison Organizational Culture Survey*. The table below shows the process steps and the flow of information between steps. The activities within each step will be discussed in detail in this section.

Phases	Steps
I Planning	<ul style="list-style-type: none"> • Identify the purpose and objectives of conducting the survey • Select the participants • Identify desired reports • Establish a timetable • Prepare materials and tools • Complete the DOCS Tracker
II Data Collection	<ul style="list-style-type: none"> • Distribute surveys • Complete Individual Surveys • Gather and return the surveys to the Scoring Center
III Report Generation	<ul style="list-style-type: none"> • Surveys are scored. • Reports are mailed or delivered electronically to the participating organization.
IV Presenting the Reports	<ul style="list-style-type: none"> • See Section IV of this guide

I. PLANNING

Purpose and Objectives

Before administering the survey, it is important to clearly understand the need for the survey and the end results you hope to achieve. Determine the impact you would like the survey to have on participants, how you will share the results with members of the organization, and what actions you want them to take in response to results. Clearer objectives will better enable you to guide the assessment process and achieve maximum results in the action-planning process.

The *Denison Organizational Culture Survey* can be used to:

- ◆ Benchmark your organization's culture to other cultures in higher and lower-performing organizations.
- ◆ Examine sub-groups within the organization.
- ◆ Measure an organization's existing culture and predict its impact on performance.
- ◆ Conduct an action-planning session using the results as a tool for decision making.
- ◆ Determine organizational development and training needs necessary to meet organizational objectives.
- ◆ Measure progress toward organizational goals.

Selecting Participants

The survey can be administered in several ways depending on your goals for the survey. Administer:

- to an executive group only
- to an entire management team
- across the organization either in its entirety or by obtaining a representational sample
- within a single business unit, profit center, organization, division or department
- within a natural work group or cross-functional team

Executive Group: This group should be comprised of the highest level in your hierarchical structure. These people are the "final" decision makers in the organization - those who have ultimate control of corporate resources. Typical titles are President, Vice President, CFO, CEO, etc.

Management Team(s): This group represents the level(s) between the executive group and the non-management employees. The number of levels will depend on how many layers you have in your organization's hierarchy. Typical titles are Director, Manager, Supervisor, Project Manager, Team Leader, etc.

Non-Management Groups: This group represents the people who get the work done, who understand the day-to-day processes, and who have the greatest impact on the performance of the organization as it relates to the customer and work flow. Typical titles are Clerk, Designer, Salesperson, Associate, etc.

Organization/Department/Business Unit/Profit Center: Include the entire organization or department in the survey, where possible. If the organization or department is large, you may need to break it up into the same three categories described above (executive, management and non-management employees), or you may need to choose a representative group of people to speak for the organization/department as a whole.

Work Group/Team: The entire team should complete the survey.

Report Options

Decisions must be made up-front to preserve the option of doing data cuts later. Data cuts are used to generate reports of results for subgroups of the total study sample. This section reviews the reasons you might want data cuts, and the different types that are possible.

A Single Report for the Entire Study

In the simplest case, you will desire a single report summarizing the data for all respondents. Many users who initially desire only one report become intrigued by the data in the initial report and end up ordering additional reports which break down the responses by categories such as demographics, organizational position, etc. Even if you are planning on only one report we advise structuring the data collection so that those options remain open. For details on available options, see the material that follows.

Additional Reports

In most situations, you will want more than one report to make some of the following comparisons:

- Levels of management and staff
- Regions
- Line vs. line
- Functions
- Points in time (past vs. present vs. future)
- Profit centers
- Divisions or subsidiaries
- Demographic categories (e.g., professional titles, age, sex, length of service)

Many of our customers add on respondents or reports to make their results more persuasive to their end-users. Target audiences are often more persuaded by results when they have filled out the survey instrument and when they see results reported separately for their own group. In theory, this should not be necessary. The American public regularly believes election predictions based on samples as small as three to five hundred respondents even when there is no breakdown by groups and most of the public has not been part of the survey sample. However, results used to support change efforts are more persuasive when the activity of filling out a form is more widespread and there are reports specific to various groups that have, or believe they have, different cultures.

Hence, some users start with a survey of all top management and report results at that level. In some cases, the organization then decides to report results separately to several levels at the top as well as multiple units within an organization. There is a tradeoff between stimulating buy-in and the costs of the survey. For that reason, some users cover everyone at the top but sample a smaller fraction of respondents at lower levels.

An additional reason for requesting multiple reports is to determine if there are differences in culture between the diverse parts of an organization. You may have good reason to suspect discrepancies or you may wish to establish that suspected differences are not present. Some target audiences have deep convictions and will not be persuaded by results unless they see these results broken out by sub-groups. In some organizations, the results will be used in sub-unit planning and each unit will need its own results.

Timetable

It is important to carefully plan the time needed to conduct the survey. Be realistic about the time required to distribute and then collect the completed survey. Remember that we require ten business days to score the completed survey and print the feedback packets, so plan your timetable backwards from the time you actually need the completed feedback packets. See bottom of the DOCS Master Tracker in Appendix D for a summary of critical dates that must be identified.

Materials and Tools

The following is a listing of the various component pieces available for the *Denison Organizational Culture Survey*. It is important that you have an understanding of the various pieces for efficient administration of the survey.

Survey Instrument - The actual survey filled out by participants which is returned to the designated collector inside the company. For suggestions on how to distribute and collect surveys, see Data Collection.

Facilitator's Guide - This guide provides background on the survey, a description of the model, *Levers for Change*, administration guidelines, and support materials.

PowerPoint Presentation (see Section 4 of this Facilitator Guide) - Overheads have been developed to assist the facilitator in explaining the Denison Model and the connection to performance.

DOCS Tracker - This form is used to coordinate this process. It specifies the data cuts desired, number of surveys and the timeline agreed upon. (See Appendix D).

Summary Report(s) - A **Summary Report** is provided which provides an organization's compiled scores in the form of a graphic profile and line-item feedback. *Levers for Change* are also provided. This summary report can be provided in hard copy or electronic format.

Profile Transparency - Transparencies of the Summary Report are available for presenting your organization's graphic profile to a large group.

DOCS Master Tracker

You will need to obtain enough *Denison Organizational Culture Surveys (DOCS)* to distribute to all of the participants you have identified. If you want to break out responses from sub-groups, it is important that you coordinate the coding of the surveys with your Scoring Administrator. The DOCS Master Tracker should be completed for each administration of the survey. This enables the scoring center to create the subgroup responses you desire. (See Appendix D for a completed sample of the Master Tracker and blank Master Tracker forms which you may photocopy).

The surveys should be distributed with a memo explaining the purpose of the survey. The following memo is an example of a memo that could be sent with the survey.

If special items on the survey (items 1-40 on the back of survey) are being used, make sure to specify.

SAMPLE MEMO

The *Denison Organizational Culture Survey* is designed to measure the underlying beliefs, values, and assumptions held by members of an organization, and the practices and behaviors that exemplify and reinforce them. The survey focuses on aspects of an organization's culture that have a direct link to business performance.

Please take a few minutes to complete the attached *Denison Organizational Culture Survey*. Respond in terms that describe your organization as it is today.

It is important that you respond openly and honestly to the survey for accurate results. Your responses are completely confidential and will only be presented as part of the overall organizational profile. Please return the completed survey in the envelope provided to (*name of coordinator*) by (*date*) for processing.

We appreciate your participation.

II. DATA COLLECTION

Distribution and collection

Before the *Denison Organizational Culture Survey* is distributed, the data collection process must be defined. The completed surveys must be forwarded to us for scoring and Summary Report preparation.

Our scoring process takes approximately 14 days to complete. Upon completion you will receive a Summary Report that includes your organization's graphic profile, line-item feedback, and *Levers for Change*.

Scoring can be accomplished in several ways:

OPTION ONE - Appoint someone in your organization as the survey coordinator. Distribute the surveys to the participants with instructions to return the completed surveys in the envelopes provided to the coordinator. When the coordinator receives all of the surveys, s/he can forward them to DLI for processing.

OPTION TWO - Have the surveys completed as an agenda item at a planning or team meeting. Have participants return the surveys in the envelopes provided to the coordinator. The coordinator can then forward them to us for processing.

OPTION THREE - Distribute the surveys to the participants with a stamped envelope addressed to us. Advise the participants to complete the survey and insert it in the envelope, and place the envelope in outgoing mail.

Coordination with the scoring center

Users of the *Denison Organizational Culture Survey* work with a Scoring Administrator to coordinate the processing of surveys. S/he is assigned to your organization at the time the surveys are ordered and is available to answer any questions you may have during the scoring process.

A central contact person from the customer organization needs to be assigned to work directly with the Scoring Administrator. We refer to this person as the Customer Administrator because s/he is the person in charge of coordinating the survey process within his/her organization. This person can be either the facilitator or another individual in the organization who can easily contact participants as needed. The Customer Administrator is responsible for returning all of the necessary paperwork to us either by mail or fax. S/he must provide vital information such as the number of expected participants, Summary Report instructions, assessment time frames, etc. A Data Collection Form outlining the necessary information is provided when the initial order is placed.

III. REPORT GENERATION

Scoring

Three options are available for receiving the Denison Organizational Culture Survey Reports.

Surveys are scored.

- We print the full reports in color. The scoring center can also print black and white copies and color transparencies of the reports for an additional cost.
- The Scoring Center can send the survey results on a disk or CD. Printing would be done by the participating organization.
- We can deliver the reports electronically as a pdf file to be printed by the participating organization. To use this option the organization needs Adobe Acrobat software. This can be downloaded from the internet free of charge. ([Http://www.Adobe .com](http://www.Adobe.com))

SECTION FOUR - EXPLAINING THE MODEL AND PRESENTING FEEDBACK

STEP BY STEP GUIDELINES
FOR PRESENTING THE SURVEY RESULTS

Managing Feedback

Who should receive feedback from the survey?

The most successful organizational change efforts provide feedback that reaches all the members of the organization who completed the survey. In most cases, the results are communicated widely in a series of meetings, usually beginning at the top of the organization, and then moving down. Many times, organizations will also request that the specific data for a group or a division be presented in a separate report that is used for that group's feedback session. When this type of comprehensive feedback plan is coupled with an action-planning process, organizational change starts to happen.

What will be needed when the results are viewed?

You will find the following materials and *equipment* helpful for a survey review meeting:

1. A copy of the Summary Report prepared by us.
2. Overheads of the *Denison Organizational Culture Model* and sample profiles found in the back of this guide, and your company's profile (optional).
3. A copy of the *Levers for Change* section in this guide.
4. An overhead projector.
5. A flip chart, white board, or any other media for recording change actions.

What is a reasonable outline and time line for presenting culture feedback?

A specific time should be established for management *to* review the results of the survey. An agenda item(s) can be added to a regularly scheduled meeting or a special meeting can be planned. You should plan on spending two to four hours discussing the results depending on your desired outcomes. The following agenda is a typical format for reviewing survey results:

Timetable

Topic	Process	Who	Time
Purpose & Outcomes	Review/Discuss	Team	10 min
Denison Organizational Culture Model	Present	Facilitator	30 min
Review Profiles* *High Performing *Low Performing *Your Results	Review/Discuss	Facilitator Team	30-45 min
Opportunities for Change	Brainstorm/Discuss	Team	30-60 min
Levers for Change	Review/Discuss Buy-in	Facilitator Team	60 min
Closure	Review/Evaluate	Team	5 min

What is the facilitator's role in the review meeting?

You are there to provide an open and honest environment and to facilitate the review of results and development of action plans. You need to provide the initial information around the *Denison Organizational Culture Model* with the goal of having the participants interactively provide the remaining information on their own.

In other words, if you explain the model well enough, the participants will be able to interpret the sample profiles and your company profile on their own. Additionally, with gentle prompting from you, they should be able to highlight the opportunities for change, as well as move into a discussion on viable action plans.

Explaining the Model

What is the PowerPoint Presentation?

The PowerPoint Presentation (See p. 4-5) is designed to enable you to provide a comprehensive and effective explanation of the Denison Organizational Culture Model. It is compiled in PowerPoint and can be used for a complete presentation or used to print transparencies. An electronic copy of the PowerPoint Presentation is found in the front of this Facilitator Guide.

The presentation is divided into five sections:

- 1 Background information on culture
- 2 The Denison Organizational Culture Model
- 3 The Denison Organizational Culture Model and business performance indicators
- 4 Sample profiles from different companies
- 5 Sample Company feedback report

How do I present the organization's culture survey result? How do I use the PowerPoint Presentation?

We recommend completing the PowerPoint Presentation prior to presenting the organization's feedback. This helps to guarantee that participants understand the model and the business performance implications. The organization's culture survey results should be presented after the sample company data in the PowerPoint Presentation.

How do I present the results?

The following steps are recommended for presenting the organization's results.

Step 1 - Display the Denison Organizational Culture Model and circumplex (not the organization's data) and ask participants in which traits and indices they think they will score strongest and weakest. Record these responses.

Step 2 - Display the feedback circumplex. Ask participants to identify any surprises and encourage some discussion. At this point it may become clear that different participants have different expectations and perspectives on the sample culture.

Step 3 - Give participants a copy of the organization's feedback. This may be a black and white photocopy. Reflection and discussion are enhanced by participants having a copy of the feedback in hand.

Step 4 - Present the participants with the transparency of the four pages of the item-by-item feedback and the summary page of highs and lows. This is meant to familiarize participants with the feedback report process rather than to generate discussion at this point.

Step 5 - Give participants time to individually explore the feedback report. (Approximately 15 minutes).

Step 6 - Give participants your interpretation of the data. See "Interpretation Tips." in the following section.

Step 7 - Give participants an opportunity (about 30 minutes) to discuss the results in small groups. Ask participants to report responses to the following questions - What pleases you most about the feedback? What concerns you most about the feedback? Responses to these questions create additional discussion. Use your judgement and time constraints to determine the appropriate time guidelines.

Background On Organizational Culture

Denison Organizational Culture Survey

Culture is:

Mental programs:

“software of the mind”

**Learned patterns of thinking,
feeling and acting...**

Gerert Hofstede

Manifestations of Cultures

▣ **Symbols -**

- words, gestures, pictures, objects,
dress

▣ **Heroes -**

- people, alive or dead, real or
imaginary who possess characteristics
rewarded in a culture, models for
behavior

Manifestations of Culture

▣ Rituals -

- collective activities, ways of greeting

▣ Values

- core beliefs, norms and paying respect

Definition:

“ Culture is the sum of the qualities of any specific human group that are passed on from one generation to the next because they are believed to be useful for survival and adaptation.”

Daniel Denison

Culture is:

....important because it influences the way that organizations react to the changing demands of the business environment.

Daniel Denison

Organizational Culture:

Organizational culture is defined as the...

- underlying values,
- beliefs and
- principles that serve as the foundation for an organization's
- management system,
- practices and
- behaviors.

The Denison Organizational Culture Survey

Denison Organizational Culture Survey

... is based on four Culture traits:

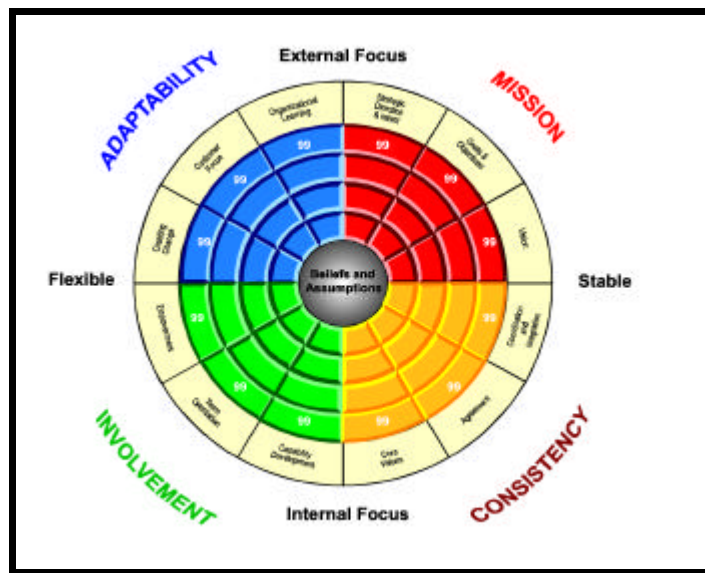
- Involvement
- Consistency
- Adaptability
- Mission

The four Culture traits...

- are linked to performance in a range of specific qualitative arenas (*quality, innovation, employee satisfaction*) to predict financial performance (*profitability, sales growth, market share*)
- facilitate the company's ability to manage either internal or external demands placed on it
- emphasize a company's capacity for flexibility and change

Each Culture trait:

- defines three indices of managerial practices
- these practices stem from and reinforce dominant beliefs, values and assumptions of the organization.
- a circumplex graphic is used to show how the traits and indices relate to one another and interact to create a picture of the organization's culture.



Involvement

- Workers see a connection between the work they do and the goals of the organization.
- People in companies showing low involvement, understand only what goes on in their part of the organization, and they don't feel they have much control over the work they do.
- Denison findings: ROI in high involvement organizations is more than two to one when compared to low involvement organizations.

Consistency

- **Points to how effectively a company organizes and coordinates the different jobs that need doing to meet it's goals and objectives.**
- **How well does its people speak the same language, share the same values.**
- **Does the leadership “walk their talk”?**
- **Does the organizational structure support the defined strategy of the organization?**

Adaptability

- **Ability to create change.**
- **Ability to recognize mistakes and learn from them.**
- **Capacity to track and respond to changes in the business environment.**
- **Willingness to be customer driven**

Mission

- **Clarity of direction that keeps the efforts of the total group in alignment.**
- **Understanding long term direction.**
- **Clarity regarding more immediate tasks and actions.**

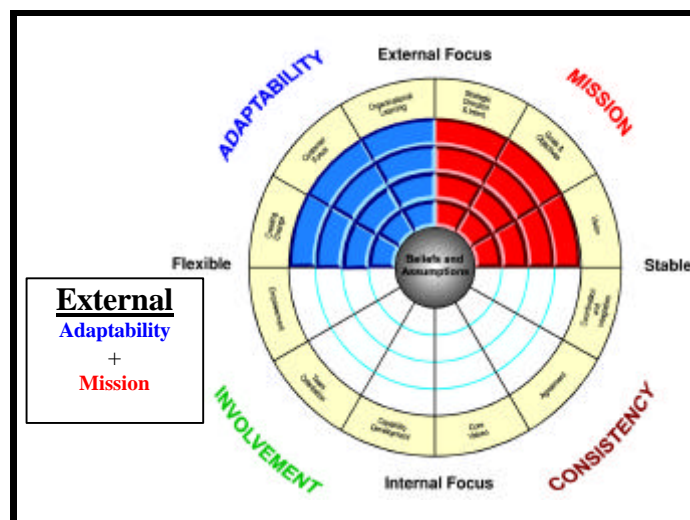
Indices:

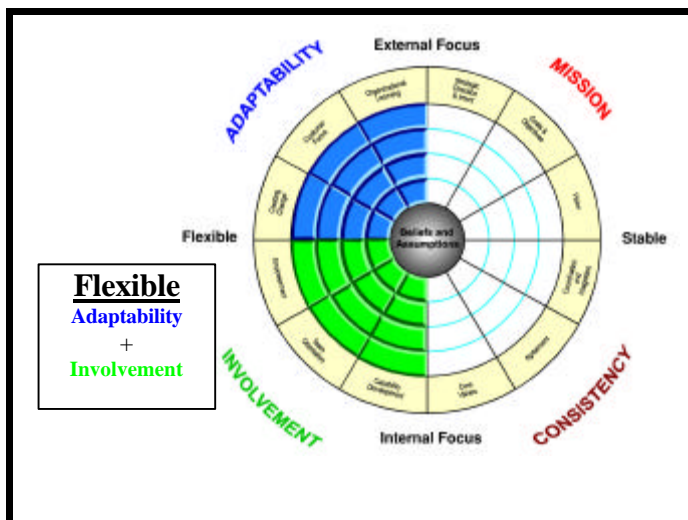
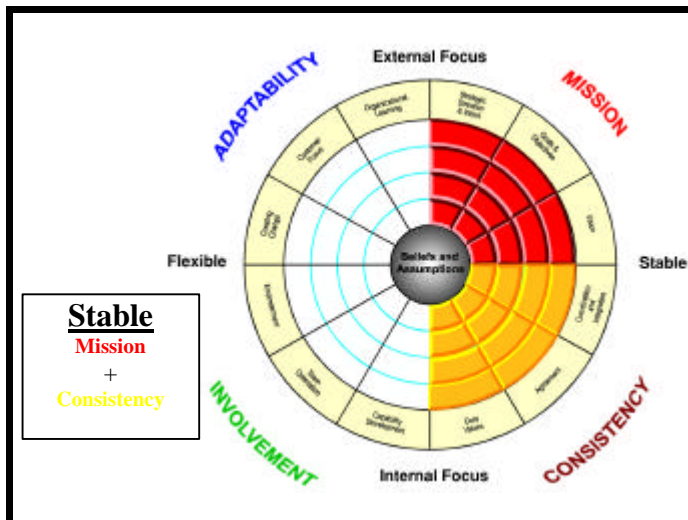
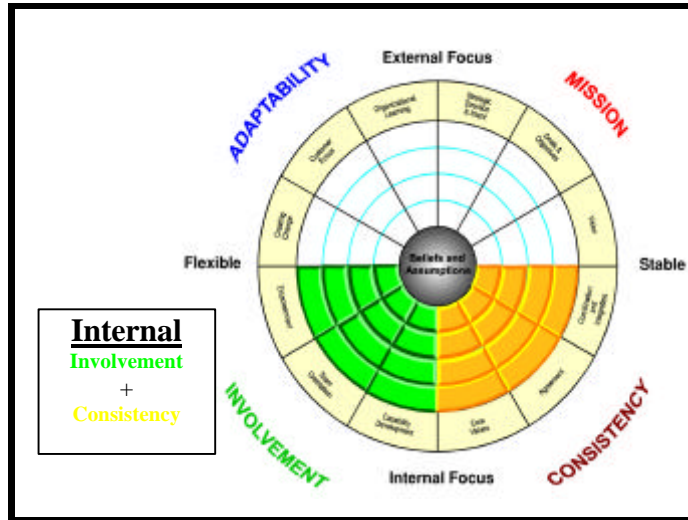
- **Involvement:**
 - Empowerment
 - Team Orientation
 - Capability Development
- **Consistency**
 - Coordination and Integration
 - Agreement
 - Core Values

Indices: (cont.)

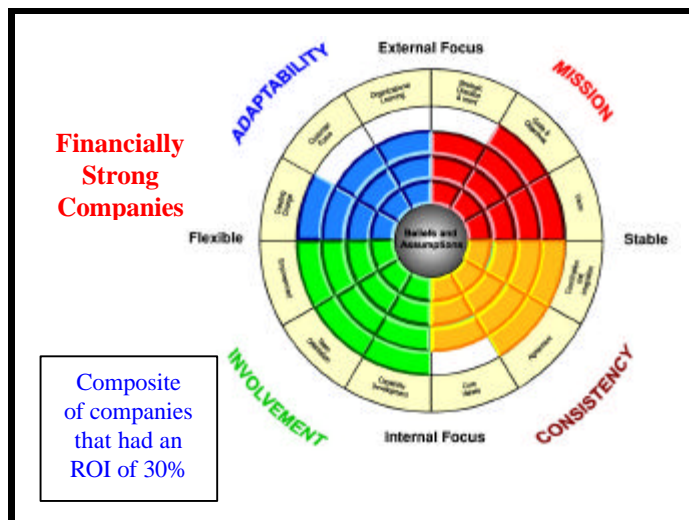
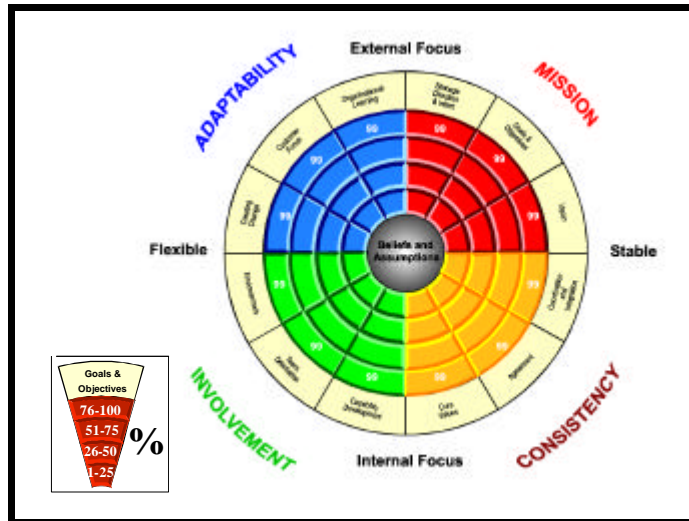
- **Adaptability:**
 - Creating Change
 - Customer Focus
 - Organizational Learning
- **Mission:**
 - Strategic Direction and Intent
 - Goals and Objectives
 - Vision

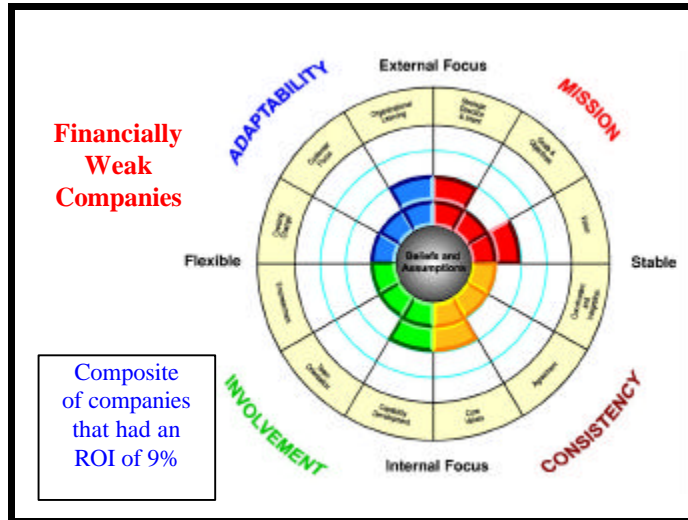
The Denison Organizational Culture Model and Business Performance Indicators



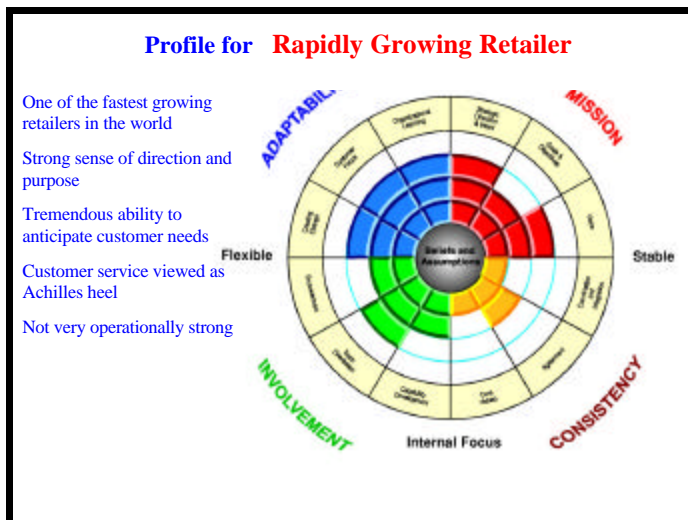
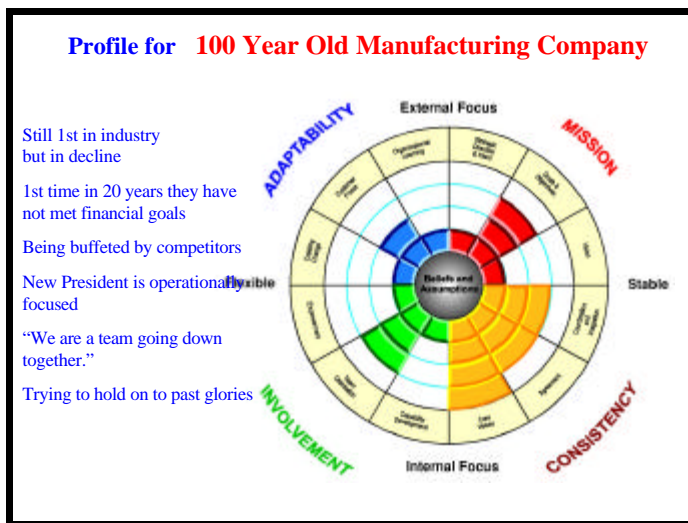


Denison Organizational Culture Model and Business Performance Indicators





Sample Profiles from Different Industries



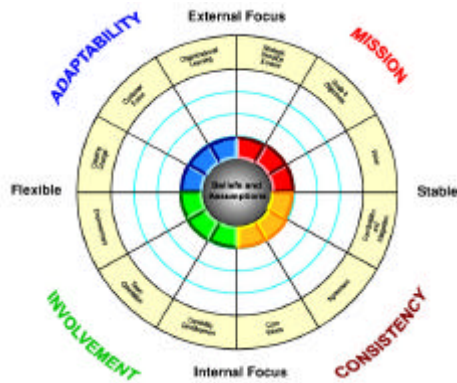
Profile for **Rapidly Growing Telecommunications Company**

Considered the market leader in product and service
 Highest customer service ratings in the industry
 Stock price has doubled in past 3 years
 Rapid increase in revenue growth during past 5 years



Profile for **U.S. Government Agency**

Severe conflict between union and management
 Grievance rate increasing over past 10 years
 Quality and customer service described as inferior
 In red financially during past decade
 Management values control over employees
 Several reorganizations during past six years
 Threat of going out of business



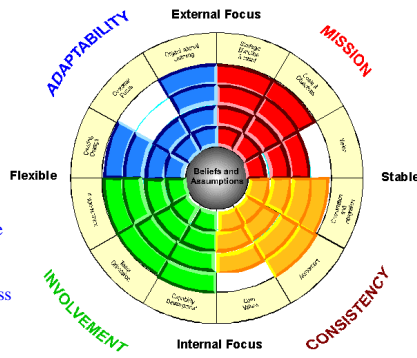
Profile for **Rapidly Expanding Automotive Supplier**

Revenue doubled over past 3 years, projected to double again over next 3 years
 Market position and share expanded rapidly around the world
 Current and past CEO known as industry visionary leaders
 Product quality a continuing problem
 Profitability has not kept pace with revenue growth



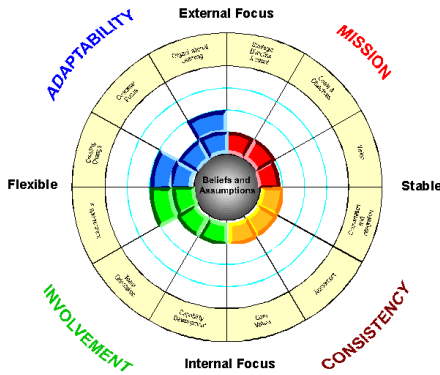
Profile for **Leading Software Company**

Fastest growing of their size in industry
 Highest Profitability
 Highest revenue per employee
 Most growth has come through acquisitions
 Recently assigned a Vice President in charge of corporate culture development and business partner relationships

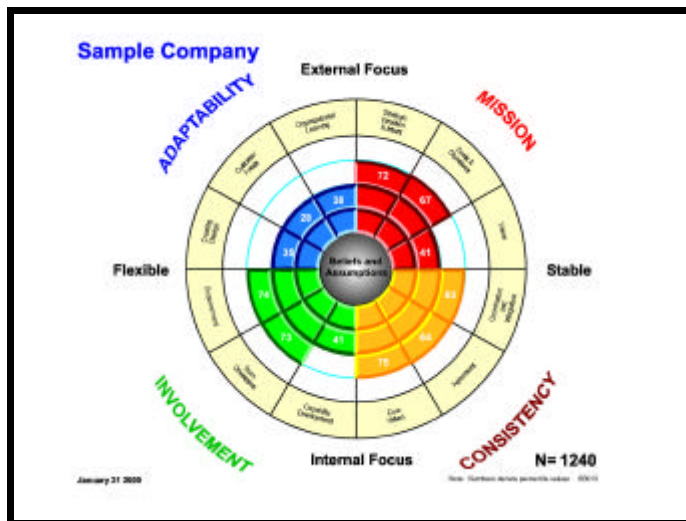


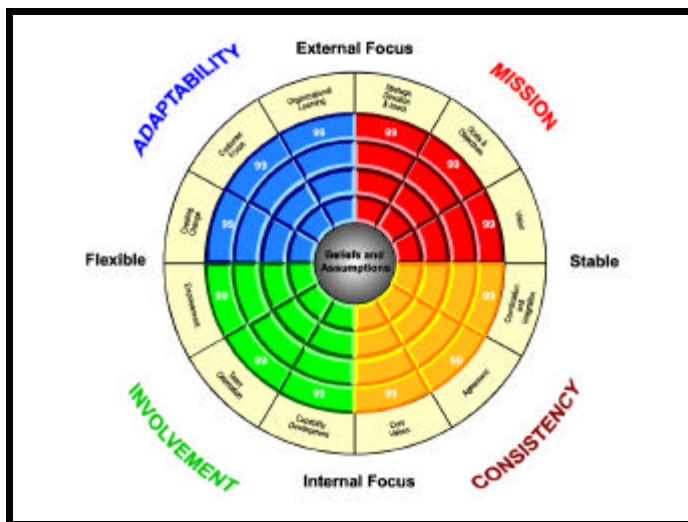
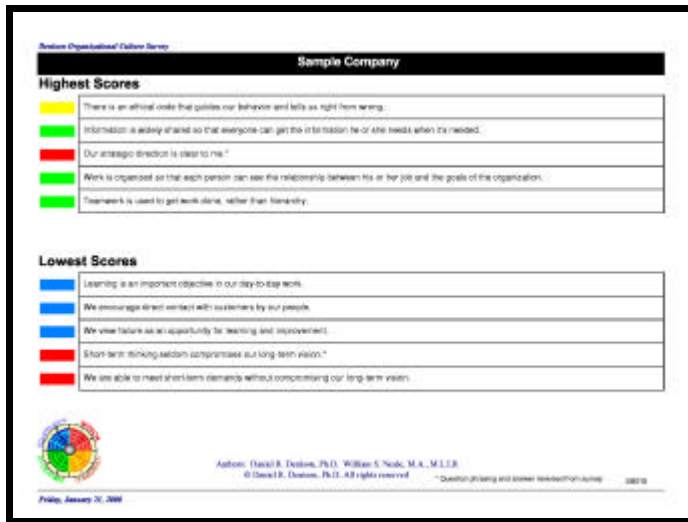
Profile for **Struggling European Manufacturer**

Difficulty holding market share
 Fuzzy identity in market place
 Culture that says your #1 priority is whatever your boss tells you



Sample Company Feedback Report





Interpreting Data

The Value of Normed Data

Most users want to know how their organization compares to others. Users ask questions such as: *are we among the upper half of all organizations that are more profitable?* They usually want answers with even more precision, such as: *just where do we stand vis-a-vis other organizations on our items, indexes and traits?* Our standard reports are structured to speak to those items. The reports present results with percentile numbers and quartile graphics which show how your culture compares to a representative sample of all organizations. The statistics and graphics used in presenting results will be explained shortly, after a description of the representative sample against which each organization is measured.

How Large is the Norming Database?

Since the *Denison Organizational Culture Survey* was published at the end of 1995, the database for the survey has continued to grow. As of today, there are over 500 organizations and 40,000 individuals in the database. The database now includes organizations of all sizes in all of the key industries of the U.S. private sector. Economic sectors represented in the database include: manufacturing, services, retail, financial organizations, health care, transportation, computer software, telecommunications and data processing. International use is also growing. The instrument has been translated into Arabic, Chinese (simplified and traditional), Dutch, French, German, Italian, Japanese, Portuguese and Spanish. Research partnerships have been established in several non-English speaking countries to expand the norming database and validate the culture model in non-US firms. Data are also being collected in public sector settings such as K-12 schools to evaluate the instrument and, if necessary, adapt it for public sector use.

Will My Organization Be Compared to Individuals or Companies?

The reports will compare your organization to other companies. While we do collect data from individuals the scores of whole companies interest users most.

Quartiles In Section I the superior financial performance of companies whose culture scores put them in the top half of the sample were discussed. The top half of the sample was determined by preparing a ranked list of company scores and counting the midpoint. For a norming database of 100 companies the culture score of the 50th company would have been designated the midpoint. Similarly each quartile grouping was determined. Thus, if a company's score was within the range at the bottom quarter of all companies included, a first quartile score was obtained. Similarly, a company in the fourth quartile would have a score within the range of the top quarter of all companies included in the sample.

Percentiles A company ranked in the first quartile falls somewhere between the first and the twenty fifth percentile. Conversely, a company at the thirty fifth percentile, is, by definition, in the second quartile. Reports use both quartiles and percentiles to report data. While percentiles have the advantage of being more specific, quartiles sometimes work better in simplifying the graphic reporting of data.

How do I evaluate the analysis of the organization's data?

The following is a set of basic guidelines for presenting and discussing the feedback report.

Overall picture:	What is the strongest trait? What are the strongest indices? What is the weakest trait? What are the weakest indices?
Basic Patterns:	What is the basic pattern? Is one half of the model (top, bottom, right or left) stronger than the others? Is the strength in Flexibility, Stability, Internally, Externally?
Strengths and weaknesses:	What are the greatest strengths? What are the greatest weaknesses?
Item analysis:	What are the highest and lowest items? Is there consistency within each index? Is there discrepancy within an index?
Underlying patterns:	What underlying dynamics can explain the pattern?
Connection to business situation:	Does this feedback reflect performance patterns? industry dynamics?, trends?

Interpretation Tips

How can I help interpret the feedback report?

The following guidelines can prove helpful for understanding and interpreting an organization's feedback report. We suggest you review the data ahead of time and check it for the following patterns.

Within the Mission Trait:

- When Strategic Direction and Intent and Vision are higher than Goals and Objectives, this indicates that the organization may have a difficult time executing or operationalizing its mission. At the helm may be brilliant visionaries who have a difficult time translating dreams into reality.
- When Goals and Objectives are higher than Strategic Direction & Intent and Vision, this often is an indication that the organization is good at execution, but without any real sense of direction, purpose, or long range planning. The focus is usually short-term with the organization cranking out the widgets without looking ahead. The organization's "eyes" are out of balance - focusing primarily on the bottom line and not the horizon.

Within the Involvement Trait:

- When Capability Development is higher than Empowerment, this can be an indication that the organization does not trust capable employees of making important decisions that impact their work. Capable employees may feel frustrated that their skills are not being fully utilized, and leave for better opportunities elsewhere. Consequently, *this combination* is a warning signal indicating the possibility of a high turnover rate of employees who may be leaving for the competition.
- When Empowerment is higher than Capability Development, this often is an indication that people in the organization are making decisions that they may not be capable of making. This may be potential disaster waiting to happen, occurring when people confuse empowerment with abdication or think that by saying the magic word, people wake up capable of making business decisions regardless of experience, education, knowledge or ability.
- When Team Orientation is higher than Empowerment or Capability Development, this often is an indication that there may not be much substance to the team. People tend to be "head bobbors" and cheerfully comply without much commitment and ownership. Teams for the sake of team appearance seem to be the norm and don't seem to make a difference.

Within the Adaptability Trait:

- When Customer Focus is higher than Creating Change and Organizational Learning, this tends to signify that the organization may be good at meeting customer needs today, but probably are not preparing for what the customer may need tomorrow. It represents a passive or status quo approach to customer focus. There may be a superhuman effort at satisfying the customer without seeing the patterns and trends emerging on the horizon. The organization tends to be one step behind the customer rather than one step ahead.
- When Organizational Learning and Creating Change are higher than Customer Focus, the organization may be good at recognizing best practices and creating new standards in the industry, but have a hard time applying knowledge gained to everyday work with their own customers. The knowledge is within the organization but, unfortunately, not with customers.

Within the Consistency Trait:

When Agreement is lower than Core Values and Coordination and Integration, the organization may have good intentions but become unglued when conflict or differing opinions arise. During discussions, everyone talking at once, people ignoring the input of others, or withdrawal are frequently observed behaviors. The key is that nothing gets resolved and people keep blowing out the same candles repeatedly.

Bottom Heavy/Top Light (Strong Internal Focus)

- Often when an organization is bottom heavy, you may find people competing against each other rather than fighting the real competition. With such a heavy internal focus, the organization tends to focus on internal competition, rather than external competition. When you have a bottom heavy graph and a relatively high score in Goals and Objectives, this may indicate an organization that has become complacent and is doing everything possible to protect what it has, rather than secure its future. The organization tends to rest on its laurels and past reputation. These organizations are resistant to change, and people that challenge organizational "sacred cows" often do not last long. Stability has changed to complacency.

Top Heavy/Bottom Light (Strong External Focus)

- The entrepreneurial company exhibits a focus on leveraging the external environment, without a focus on systems, processes and controls. The organization may lack the controls necessary to sustain or manage growth and may eventually experience difficulty in delivering to customers.
- If creating Change is higher than Customer Focus and Organizational Learning, and the Mission Index, particularly Vision and Strategic Direction and Intent, are on the low side, this tends to indicate a "change for change sake" mentality, and the changes made are often not perceived by employees as having any particular direction or purpose. This tends to lead to higher levels of anxiety among employees.

High Involvement Index with Low Mission (Internal Focus)

- This pattern usually represents a great bunch of people going nowhere together.

Action Planning

What are some steps for using the survey in an action-planning meeting?

There are many ways that survey results can be used to create a constructive discussion which leads to action planning. As mentioned earlier, it is difficult to "script" this process entirely, but there are several steps that most organizations find useful to follow.

Step One: Explain the survey process.

Give a brief description of the organization's reasons for doing the survey, the people who support and sponsor it, and what it is intended to accomplish. Then discuss the link to action planning and the link to other on-going activities. Allow time for questions about the process and the purpose before moving on.

Step Two: Present your organization's overall color organizational profile to the group on an overhead projector.*

Briefly explain what the quartiles mean and how to interpret the profile. Then ask a simple series of questions:

- What does this tell you about your organization?
- Does this profile fit your own picture of the organization?
- What surprises do you see in these results?
- Which findings confirm the impression of the organization that you already have?

In some cases, you may have to ask specific individuals for their comments, or ask everyone to take 2-3 minutes to write down any reactions that they have to the profile. In most cases, simply presenting the profile and asking these questions leads to a lively discussion about the organization.

*Note: Your organization's color organizational profile transparency is optional. If you are interested in using this as a part of your presentation, please arrange it with us.

Step Three: Focus on the traits and indices with the highest scores.

This represents the organization's greatest area of strength and where it is operating in a manner similar to higher-performing organizations. Identify those indices within this trait that have the highest score to determine the greatest strengths in this area. It is important to review the line-item report for greater clarity in this effort because it lists the items in each index and the score given for each. This will assist in learning the root cause of an organization's strengths. Note whether this strength represents an internal or external focus and whether it represents a flexible or stable orientation.

Repeat this process with the other traits or indices that have high scores.

Step Four: Focus on the traits and indices with the lowest scores.

This represents your organization's area of greatest vulnerability and where it is operating in a manner similar to lower-performing organizations. Identify those indices within this trait that have the lowest scores to determine the greatest weaknesses. Once again, the line-item report will provide the clarity needed to learn the root cause of an organization's weaknesses in this area. Note whether this weakness represents an internal or external focus and whether it represents a flexible or stable orientation.

Step Five: Engage participants in a dynamic discussion about what these results say about the organization and what steps need to be taken for improvement.

The following discussion questions may help:

- In what ways is your organization out of balance with respect to external versus internal focus and stable versus flexible orientation?
- How does being out of balance impact your organization's performance?
- Are there patterns and trends between the highest and lowest traits and indices?
- Which items appear to reflect your organization's greatest strengths?
- Which items appear to reflect your organization's greatest weaknesses?
- Do subgroups within the organization view the culture in the same way? If not, how do they differ and why?
- Which trait or index would provide your organization with the biggest payoff if it were improved?
- Which traits or indices are the most important for you to work on in order to improve organizational performance? Which are the least important and why?
- What past, present, and possible future influences explain why your organization's profile looks the way it does?

Step Six: Focus on the trait(s) or indices that show the greatest need for change.

Read the *Levers for Change* section beginning on page 4 - 26 of this guide for suggestions on how to begin the process of redirecting the organization's culture to that of a higher-performing organization. If several traits or indices have low scores, identify those that will have the greatest impact to work on first. It is important to focus your efforts on specific areas that can be improved. It is easy to become overwhelmed if you try to address every aspect of your organization's culture at one time.

Step Seven: Develop a strategy for improving key areas in need of change.

Once these areas have been identified, it is important to develop a plan for how these areas can be improved. Enlist input from members of the team. You may want to break into groups, giving each group a specific trait or index for which to develop an action plan. Have each group report their suggested action plan and gather additional suggestions from the entire group

Link this strategy to on-going activities in the organization that may help leverage your strategy. This may include the business planning process, the performance review process, the management development process, or other organizational change efforts.

Step Eight: Identify any obstacles to bringing about this change and discuss ways to overcome them.

Team members are often very enthusiastic after identifying ways to improve situations within their organization. Unfortunately, back in the workplace, they are often confronted with the same situations and roadblocks that caused these problems in the first place. Have team members identify these potential roadblocks ahead of time and develop plans to overcome them.

Step Nine: Establish commitment from each member of the team to support these action plans and put them in writing.

To assure that everyone is aware of and understands the plan of action, it is important to capture in writing all of the ideas gained in a planning session so that they can be shared. Be sure that the names of those responsible for certain aspects of the plan are placed next to their area of responsibility to assure commitment.

Step Ten: Establish check points and accountability along the way.

In any major change effort, it is important to monitor progress to make adjustments, respond to new situations, and establish new action steps. As a part of your overall plan, establish expected checkpoints with the team.

Levers for Change

Once we understand our results, what are our next steps?

The first step in a process designed to create cultural change and organizational transformation is diagnosing the current culture. However, the most important part of the process is translating a culture profile into action. To assist in this process, we have included a set of suggestions, called *Levers for Change*, for each of the four cultural traits: *Involvement, Consistency, Adaptability and Mission*. It is necessary to recognize that culture change requires an in-depth understanding of an existing culture, and it is impossible to apply a broad set of standards for change across the business spectrum. Nonetheless, a set of suggestions that have worked well in other organizations can serve as a useful resource.

As discussed earlier in this guide, the four cultural traits measured by the *Denison Organizational Culture Survey* have some natural contradictions. For example, a highly-involved, empowered and team-oriented culture may appear quite different than a culture that is goal-directed and visionary. Or, a well-integrated and coordinated culture appears very different than an adaptive and customer-focused organization. Dr. Denison's research has shown that an effective culture must be strong in all of the areas and learn to balance these conflicting demands.

When reviewing results, it is important to understand that it is only natural to direct efforts toward areas that are more comfortable and familiar, rather than to address areas of unfamiliarity or discomfort. However, when choosing actions or *Levers for Change*, you must be aware of these tendencies and reconcile the conflicting demands. The goal is to maximize organizational strengths and improve organizational shortcomings.

Involvement Levers

Low involvement scores usually signal an organization in which people are disconnected from their work, unaware of its importance and its connection to the rest of the organization, unwilling to accept greater responsibility, and hesitant about working with people outside of their immediate circle. Low involvement organizations usually have classic "hub and spoke" control hierarchies in which people are very dependent on their boss and very concerned about following the orders that come down the hierarchy. Here are some useful suggestions about how organizations can improve their level of involvement:

- **Inform all employees about the business.** Share information about performance, quality, competition and customers throughout the organization. Question instances in which information will only be distributed on a "need-to-know" basis. You will know that you have succeeded when hallway conversation is about the stock price rather than the baseball strike.
- **Require "bottom up" input in all decisions.** Good ideas are not restricted to executives and key decision-makers. Important contributions must come from those who are closest to the work and to the customer. You will know that you have succeeded when people do not hesitate to cross two/three levels of the organization to contribute to a decision.
- **Reduce the number of levels in your hierarchy.** Today, with information technology, network, and matrixed organizations, there is no reason for any organization to have more than ten levels. (Using a span of control of ten, an organization with ten levels can "hold" one million people). Hierarchy is clearly necessary, but when the "pecking order" is more important than product quality, it is difficult to have high involvement.
- **Build the organization around teams, not individuals.** Cross-train people so that they understand how work is done in other areas, and understand how they need to work together to create value for the customer. Reward teams. Provide team training so that people experience success in teamwork and have the support they need to progress on the team learning curve. You will know you have succeeded when people stop complaining about team meetings and see teams as the best way for them to get their work done.
- **Require performance appraisals for everyone.** Performance appraisals should include direct report and peer input, and should focus on career development, as well as current job performance. And remember, the most important part of any performance appraisal is the joint goal setting that goes on face-to-face between boss and direct report.
- **Reward and promote people who build organizational capability.** A key requirement for promotion should be how many people a manager has prepared for promotion. Reward managers based on how well they develop their own people. You will know you have succeeded when you stop worrying about your organization's bench strength and start worrying about how many of your managers are being recruited by other firms because they have learned so much working for you.

Consistency Levers

Organizations that have low consistency scores typically complain about "things falling through the cracks," and everyone not being able to "sing from the same hymnbook." In fact, one of the low consistency organizations that we worked with referred to themselves as a "loose federation of warring tribes." Customers often get frustrated with these types of companies because no one seems to be able to speak for the entire organization. While there is plainly no one "right" set of values, excellent organizations do believe strongly in the values that are important to them. Here are some of our suggestions about how organizations can improve consistency.

- **Identify your core values and then live by them. Create a** dialogue throughout the organization that will identify what you stand for and how it is linked to creating value for your customers. You will know you have succeeded when employees stop carrying their plastic laminated "mission & values" cards around in their shirt pockets, and start carrying them around in their heads.
- **Actively work to create alignment of behavior and core values.** Put the spotlight on activities that exemplify the core values. Tolerate honest mistakes that are in keeping with the values, but do not tolerate actions that conflict with core values. You will know you have succeeded when employees can make the right decision on their own by simply comparing the demands of the situation with the key values of the organization.
- **Include values, ideology and culture as a regular part of training.** At all levels, training should be set in the context of the culture, the core values and skill development as part of the organization's competitive strategy. You will know you have succeeded when technical training creates both skills and a better understanding of the organization and its purpose.
- **Hire people early in their careers, invest in development, promote from within.** Organizations with the strongest cultures have taken years to build. Shaping a common mindset involves treating values as a factor in promotion, and using on-the-job experiences to shape values and attitudes.
- **Create a common base of experience for people from different parts of the organization.** With large, global organizations that support many different products and technologies, there is often little that the employees share in common. Design career tracks that cross organizational boundaries. Use experience on multi-functional teams to develop a common mindset. You will know that you have succeeded when your people concentrate on common business interests, rather than on their organizational boundaries.

- **Create your own heroes, celebrate your own victories.** Public recognition of those whose achievements reinforce the culture will keep the core values alive and changing with the times. You will know that you have succeeded when there are so many extraordinary achievements that you have trouble picking the best ones.

Adaptability Levers

Organizations with low adaptability scores usually have an inward focus and have difficulty responding to customers, competitors and employees with new ideas. Low adaptability organizations run on inertia, and their past achievements can create barriers for future success. Managers often spend most of their effort responding to departures from standard operating procedures. Top executives in these organizations usually spend their time controlling the organization and managing short-term performance, rather than leading change or thinking long term. Here are a few suggestions about how you can improve the adaptability of your organization.

- **Hire a few outsiders in key roles in your organization.** Outsiders bring new ideas in a way that insiders never can. Be certain to manage the integration of outsiders so that a "new culture - old culture" conflict does not erupt. You will know that you have succeeded when your old organization's "antibodies" stop trying to reject the new ideas.
- **Visit your customers.** Do it often, not to sell, but to listen. Make certain that people throughout your organization do the same, particularly if their jobs do not require them to deal with customers regularly. Find new ways to partner with them. Use focus group videos and information systems to make certain that everyone in the organization is aware of customers' reaction to their products.
- **Reward risk-taking even if it means tolerating some failures.** Try new things, learn from them quickly, and incorporate what works. "Ready, fire, aim" beats "ready, aim, ready, aim..." every time. Failure can be one of your most important sources of learning.
- **Set targets for the percentage of revenue that comes from new products.** Adaptable organizations derive a sizable percentage of their total revenue from newly developed products. Manage this number and reward those who improve it. You will know you have succeeded when you start to actively "cannibalize" your own products before your competitors do. As they say in Silicon Valley, "It's better to eat your own lunch before someone else eats it for you."
- **Redesign your organization around small profit centers.** This forces everyone to respond to market forces, and allows the nimble the chance to produce results. You will know that you have succeeded when the leaders of successful profit centers become teachers and show the less successful ones how they did it.

- **Start managing as if time was your most important resource.** Compressing time and learning to respond quickly will force adaptability. Managing time rather than costs requires that you focus on creating value for customers and nothing else. You will know you have succeeded when people start making decisions that place more emphasis on time than they do on cost.
- **Create forums for learning that are visible and valuable.** Organizations that learn invest time in face-to-face discussion dedicated to sharing, integrating and defining best practice. Those who do not make these investments usually argue that they can not afford the time it takes to learn. You will know you have succeeded when the costs associated with a two-day off-site meeting for a product development team are viewed as a "rounding error" on the overall investment in such a project.

Mission Levers

Organizations that have low mission scores usually have top executives who focus on controlling their organizations, second-guessing their direct reports, and making detailed decisions about products, people and resources. These companies are typically busy reacting to competitors who have redefined the rules of the game and changed the nature of competition. Goals are usually not very meaningful to many employees and the long-term purpose of the organization is not very inspiring. Here are several suggestions about how the sense of mission can be improved in an organization.

- **Give the future the attention it deserves.** Top executives need to adopt long-term strategy and direction as their highest priority. If they do not do it, you can be certain no one else will. You can tell that you are succeeding when the top executives are spending most of their time on issues that have a time horizon of five years or longer. As Casey Stengel once said, "If you don't know where you're going, you're likely to end up somewhere else."
- **Develop a philosophy that long and short-term interests can be reconciled.** Concentrating on the long term does not mean neglecting short term. Finding ways to serve both at the same time needs to become second nature.
- **Concentrate on changing the rules of the game in your industry.** The most successful organizations are always those that change the rules of competition in their industries. Then everyone else is forced to follow their lead and react to their moves. This requires an almost obsessive focus on competitors outside the organization and continuous rethinking about how the organization creates value.

- **Make everyone in the organization familiar with your strategy and vision.** When everyone shares a mental model of a desired future state, the effects are very powerful. It establishes a standard of excellence that redefines ambition. You will know that you have succeeded when people in a dilemma make decisions that are in keeping with the strategy and vision.
- **Involve others in defining and redefining your mission.** Good ideas can come from anywhere, inside or outside of your organization. Involve managers, executives, and employees, as well as stakeholders and customers, in your discussion. Engage them in a discussion of how the organization creates value for society. You will know that you have succeeded when everyone is pleased with the mission, but no one is exactly sure where it came from.
- **Everyone must connect their own goals to the mission, vision and strategy.** Global strategy and vision are not enough. Everyone in the organization, from the boardroom to the mailroom, must be able to define individual goals in terms of the overall mission, vision and strategy of the organization. Strategic direction must be supported at all levels. You will know that you have succeeded when the top executives and shop floor workers can talk about their joint progress toward the same goals.

SECTION FIVE - APPENDICES

Appendix A

Validity Statement

Validity Statement

The Development of the Survey

Daniel R. Denison, Ph.D.

University of Michigan Business School

This part of the facilitator's guide describes the validation of the *Denison Organizational Culture Survey*. This discussion of the validity of the survey is divided into several parts: the development of the survey items, data collection and feedback in collaboration with our Corporate Research Partners, the statistical testing and analysis of the data, and the future research agenda.

The *Denison Organizational Culture Survey* was developed from 10 years of research on organizational culture and effectiveness. That research showed a close relationship between the culture of organizations and their patterns of performance, and suggested a number of aspects of the cultures of organizations that have been included in the model. This research is described in Denison's book *Corporate Culture and Organizational Effectiveness*, and in a series of articles that are included at the end of this section (Denison, 1984; 1990; 1996, Denison & Mishra 1995a; 1995b).

The result of this research was the development of the *Culture & Effectiveness Model* that underlies this survey. As described earlier in this guide, the model is centered around four basic cultural traits of organizations, *Involvement*, *Consistency*, *Adaptability* and *Mission*. In developing the survey, we had two explicit goals. First, we wanted to develop a set of items to measure these four traits in a way that would allow us to describe the management practices that were linked to these traits. This meant that the items had to have *high face validity* -- they had to describe a set of relatively familiar management practices in simple language. It also meant that the items had to reflect an *action orientation*, rather than an underlying psychological profile that was difficult to link to specific managerial action. This required the development of a *broader set of measures* than just the four underlying culture traits developed in the earlier research. In writing new items for this version of the survey, we focused on developing three measures for each of the four cultural traits specified in the original model.

The second goal for developing the survey was to build a large data base for future research that would include both further development and refinement of the survey measures and, more importantly, for a systematic test of the relationship between culture and performance with a large sample of organizations. This section of the Facilitator's Guide describes the validity testing done prior to the publication of the survey in November 1995, and then describes the research that is now underway and will be completed in the near future.

Data Collection and Feedback

In order to collect the data to do validity testing on the survey, we established a group of *Corporate Research Partners* to help us develop this survey. Over 100 organizations were contacted, drawing from previous clients and customers associated with either Orion/Aviat or with the University of Michigan. We asked each participating organization to select a sample of 25-50 members of their organization to use the survey on a trial basis. This phase of the project was a partnership -- they were helping us develop the survey and in turn we were giving them feedback (and often a presentation and discussion of the results). Over 40 organizations participated in the survey as Corporate Research Partners and a total of 960 individuals responded to the survey. In each organization, we tried to get a good representative sample by asking our partners to distribute the survey to either a.) the top management group, b.) a "horizontal slice" of middle management, c.) a "diagonal slice" of the organization, or d.) a random sample. Even in cases where organizations did not follow these guidelines, the size of the overall sample and the diversity of the organizations that were sampled makes this a very good sample for this initial round of validity testing.

In each organization, a member of the development team explained the survey, the data collection process, and the feedback process to a contact person in the organization. In several cases, the survey was introduced as a part of a presentation to top management, a meeting with the group that was going to be surveyed, or a management development workshop. The contact person in each organization was then responsible for collecting the completed surveys and returning them to Aviat for scoring. At Aviat, the data were entered, double-checked, and then used to produce the feedback reports for the *Corporate Research Partners*. The feedback reports included an overview of the data presented on the model, followed by an item-by-item presentation of the results. After this, the data were added to the research archive.

Feedback reports provided data for both the overall indexes and for the individual items in terms of quartile scores. Quartile scores are used because they provide a simple classification of the firm in comparison to other organizations, rather than a complex set of means, standard deviations and percentage distributions. These quartile scores classify each organization as a first, second, third or fourth quartile firm with respect to each item and index. A first quartile score meant that this organization's score was in the lowest 25% of the organizations in our sample, while a fourth quartile score meant that this organization's score was in the top 25% of the organizations in our sample. These quartile scores were established by comparing the 25th, 50th and 75th percentile cut-point for each item and index using the *sample of organizations*. Thus, each organization is compared to a sample of organizations, not to a sample of individuals. These quartile cut-points are continually updated as more data are collected.

Statistical Analysis

The entire process of data collection with the *Corporate Research Partners* was used to "de-bug" the survey and the survey process. We asked for the advice of the partners and the individual respondents with regard to survey items, concepts, the model, the presentation of the feedback, the use of quartiles, and so on. Thus, this process gave us invaluable experience in using the survey and applying the results, as well as generating a data base for statistical analysis.

The first step in the validity analysis was to establish the reliability of the items in each index. To do this, we computed Chronbach's Alpha for each of the indexes to make certain that the items we had written all resulted in indexes that had internal consistency scores in the recommended range of .60-.90. This first step in the analysis showed that all of the indexes had Alpha coefficients within the range of .62-.84. Thus, we concluded that all of the twelve indexes had acceptable reliability. In cases where we needed to exclude items in order to get to our target of five items for each of the twelve indexes, we excluded the items that increased the Alpha coefficient for the index.

The second stage of the analysis was to do a confirmatory factor analysis to see if the index structure fit the model itself. This model treated the twelve indexes as the observed measures and the four underlying traits as the "latent" variables. This structural equation model was estimated using LISREL 8.1 for Windows. The matrix used in this analysis is presented in Table 1 and the model itself is presented in Figure 1.

The model in Figure 1 shows the lambda coefficients linking each of the indexes to the four traits. These coefficients can be interpreted in a similar way to factor loadings -- a 1.0 lambda would mean that a particular index was perfectly correlated with the latent variable, whereas a lambda coefficient lower than .50 would indicate a relatively weak link between the index and latent variable. These linkages show that the loadings are strong and relatively consistent, indicating good support of the underlying model.

The second set of coefficients shown in the model are the phi coefficients linking the four latent variables of involvement, consistency, adaptability and mission. These coefficients are somewhat like intercorrelations among the four traits, although defining these four traits as latent variables in a structural equation model tends to inflate the phi coefficient to a higher level than a simple correlation. In this analysis, the phi coefficients are very high, indicating a close relationship between the four traits. The good news about this finding is that it supports the idea that these are four characteristics of the cultures of the effective organizations. Thus, if high-performing organizations have one of these characteristics, they are also likely to have the other three. The bad news about this analysis, however, is that it shows that the four traits may be less clearly separable than the model suggests.

Overall, however, this analysis does provide support for the model, and defining these four traits as latent variables, does estimate the relationship between them as .10-.20 higher than would a simple measure of inter-correlation.

The goodness of fit statistics used to evaluate structural equation models show that this model fits the data quite well. The chi-square statistic with 48 degrees of freedom is 217.73 ($p=0.0$), the standardized root mean square residual is .027, and the comparative fit index is .97. These statistics show that despite the problems with the high interrelationships between the four traits that this analysis still meets the basic standards devised for evaluating structural equation models.

The analysis of the relationship between the twelve indexes in the culture model and firm performance and effectiveness is now being completed and will be reported once it is complete and ready for publication. At this point, the only analysis of performance that has been completed is a comparison of the three highest-performing organizations in our sample with the three lowest-performing organizations in our sample. This analysis, presented in Figure 2 shows very clear differences in the profiles of the high and low-performing firms. The high-performance firms have a fourth quartile profile on nearly all of the indexes and a third quartile profile in the others, while the low-performance firms have a first quartile profile on most of the indexes and a second quartile profile in all of the others.

In addition, existing research on the culture and effectiveness model provides a solid background regarding the relationship between performance and effectiveness. Denison (1990) shows the relationship between several of the dimensions in the model and performance over a five-year period, while Denison & Mishra (1995a) present a series of results linking the four basic traits to return on assets, sales growth, and a range of subjective measures of performance. Finally, Denison & Mishra (1995b) present an analysis linking the four culture traits to measures of quality and quality improvement.

There are three related projects now underway that will extend the research base on the *Denison Organizational Culture Survey*. The results of these projects will be made available to past and present users of the survey, and will then be published in the research literature.

Future Research

The first research project is a more detailed examination of the items in the survey that will attempt to develop a refined set of measures that can be used in the future research. This research will be done on a larger sample, and will attempt to describe and understand the differences that occur between different industries, different levels, and different functions of the organizations we have studied.

The second research project will look more closely at the effects of agreement among the respondents in an organization. Do organizations that have higher levels of agreement have other characteristics of performance, or other cultural traits that can help to develop the model? Some past research, for example, has shown that organizations with higher levels of agreement may have higher levels of performance.

Appendix B

Tutorial on Profit Ratios

Profitability Ratio Tutorial

Profitability ratios indicate a company's ability to earn a satisfactory return on sales, total assets and invested capital. Every company is different, and it would be wrong to assume that a company that earns a ten percent return on sales is outperforming one that earns a five percent return, or that a company with an eighty percent gross profit margin is run more efficiently than one turning a thirty percent gross profit. Comparison with industry standards or with companies of similar size in similar businesses is the only reasonable way to interpret the values derived from profitability ratios.

Return on Sales

Return on Sales (ROS) is a profitability ratio that measures the trend of a company's earning potential. ROS is an indicator of a company's operating efficiency.

- ROS is an income/sales ratio that compares income with net sales (gross sales reduced by cash discounts, trade discounts, returned sales and other allowances).
- Increasing ROS ratios indicate improvements in pricing, product mix, competitive advantage or operating expense control.
- A decreasing ROS ratio indicates deteriorating earning power.
- $ROS = \frac{\text{income}}{\text{sales}}$

Return on Assets

Return on Assets (ROA) – is another profitability ratio that measures the return a company earns on invested capital.

- ROA is an income/assets ratio that measures the speed at which a company turns assets into sales, and hence cash.
- ROA is the true measure of the efficiency of a company's management, which can be measured only by the returns generated on assets employed.
- $ROA = \frac{\text{income}}{\text{assets}}$

Return on Investment

Return on Investment (ROI) is a profitability ratio that measures the return a company earns on invested capital.

- ROI is an income/investment ratio that compares income (after all expenses, income taxes, and monetary interest but before provisions for common and/or preferred dividends with total investment (long-term debt, preferred stock, minority interest, and common equity)).
- ROI is the measure of how much a company returns to all investors, both debt holders and equity investors.
- ROI is a measure of a company's effective utilization of resources over time.
- $$ROI = \frac{\text{income}}{\text{investments}}$$

References

Denison, Daniel R. (1997). Corporate Culture and Organizational Effectiveness. Aviat, Ann Arbor, MI.

Denison, Daniel R. (1984). Bringing corporate culture to the bottom line, Organizational Dynamics. V.13, No.2 pp.4-22.

Denison, Daniel R. & Aneil K. Mishra (1995). Toward a theory of organizational culture. Organizational Science. V.6, No.2. March-April, 1995 pp.204-223.

Silbiger, Steven (1993). The Ten Day MBA. William Morrow and Company, Inc. New York.

Tuller, Lawrence W. (1997). Finance for Non-Financial Managers. Adams Media Corporation, Holbrook, MA.

Appendix C

Suggested Reading

Toward a Theory of Organizational Culture and
Effectiveness

Bringing Corporate Culture to the Bottom Line

Appendix D

DOCS Master Tracker

(a completed example and the blank form)

Denison Organizational Culture Survey - Tracker

Date ordered Jan. 5, 1999		Taken by John Doe		
Consultant Jane Doe				Tel 123 456-7890
Company		Contact Sally Smith	Tel 123 456-8901	
Community Health Systems		Collector same	Tel same	
		E-mail	Fax 123 987-6543	
Address		909 North Main Street Anytown, USA		
		Scoring Center Use		
		Litho Codes		
#	Department			# Surveys Returned
1	Sales	33445	to	33460
2	Management	33461	to	33474
3	Customer Service	33475	to	33492
4				
5				
6				
7				
8				
9				
10				
11				
12				
13				
14				
15				
16				
17				
18				
19				
20				
21				
22				
23				
24				
25				

Survey delivery date to customer	Jan. 14, 99
Surveys due back	Feb. 15, 99
Reports delivered to customer	Mar. 3, 99
Customer program date	Mar. 11, 99

Approved _____

Date _____

Completed and bundled surveys must be received ten business days before reports are due to customers.

Denison Organizational Culture Survey - Tracker

Date ordered		Taken by			
Consultant					Tel
Company	Contact			Tel	
	Collector			Tel	
	E-mail			Fax	
Address					
				Scoring Center Use	
				Litho Codes	
				# Surveys Returned	
#	Department				
1					
2					
3					
4					
5					
6					
7					
8					
9					
10					
11					
12					
13					
14					
15					
16					
17					
18					
19					
20					
21					
22					
23					
24					
25					

Survey delivery date to customer	
Surveys due back	
Reports delivered to customer	
Customer program date	

Approved _____

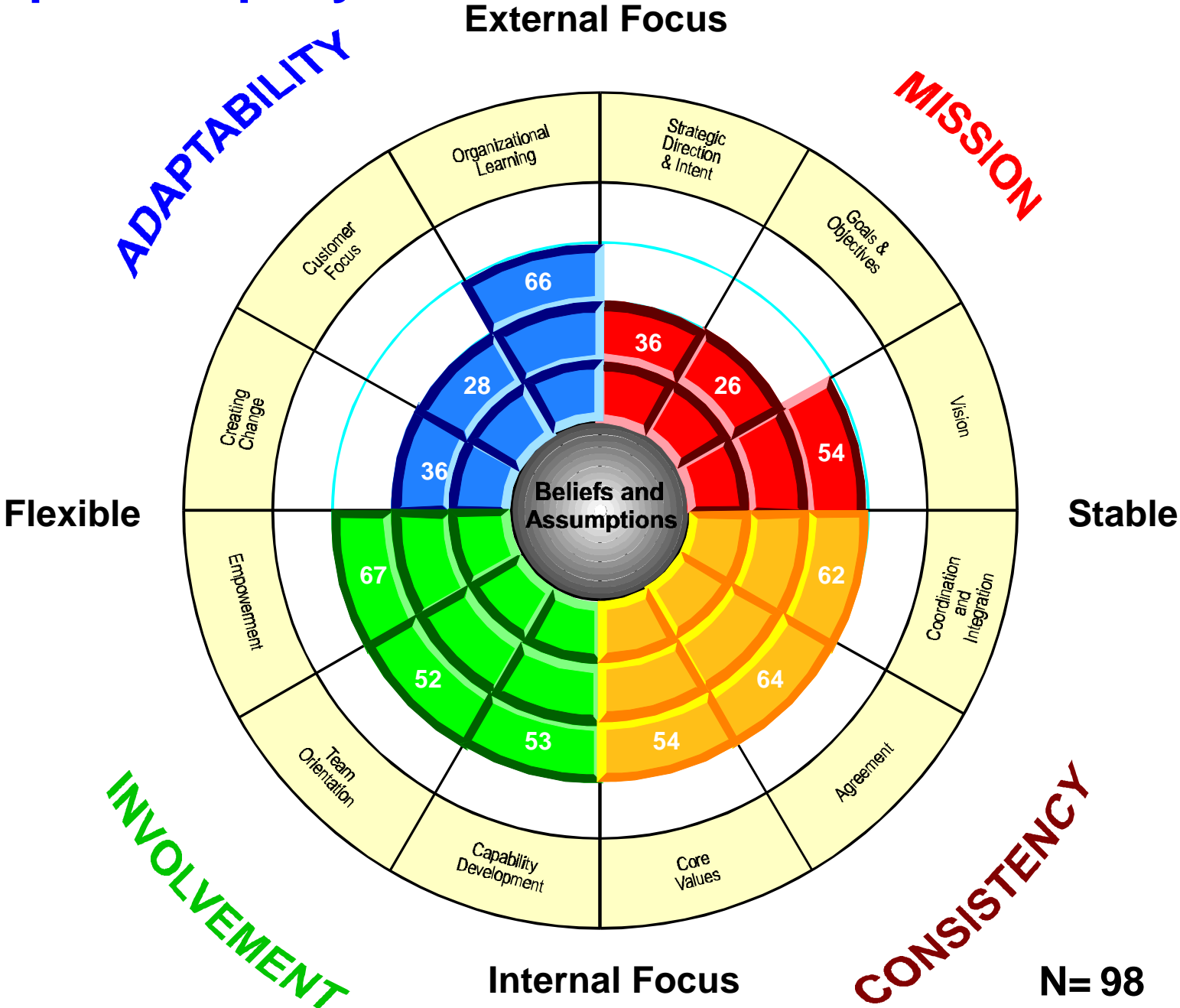
Date _____

Completed and bundled surveys must be received ten business days before reports are due to customers

Appendix E

Denison Organizational Culture Survey Sample Report

Sample Company



N= 98

Sample Company

INVOLVEMENT

Quartile
Percentile

1st

2nd

3rd

4th

0 25th 50th 75th 100th

Empowerment

In this organization . . .

Most employees are highly involved in their work. +

74

Decisions are usually made at the level where the best information is available.

67

Information is widely shared so that everyone can get the information he or she needs when it's needed.

63

Everyone believes that he or she can have a positive impact. +

72

Business planning is ongoing and involves everyone in the process to some degree.

47

In this organization . . .

Team Orientation

Cooperation across different parts of the organization is actively encouraged.

47

People work like they are part of a team.

59

Teamwork is used to get work done, rather than hierarchy.

60

Teams are our primary building blocks.

38

Work is organized so that each person can see the relationship between his or her job and the goals of the organization.

49

In this organization . . .

Capability Development

Authority is delegated so that people can act on their own.

60

The "bench strength" (capability of people) is constantly improving.

53

There is continuous investment in the skills of employees.

39

The capabilities of people are viewed as an important source of competitive advantage.

35

Problems seldom arise because we have the skills necessary to do the job.*

66

Sample Company

In this organization . . .

Core Values

The leaders and managers "practice what they preach."

There is a characteristic management style and a distinct set of management practices.

There is a clear and consistent set of values that governs the way we do business.

Ignoring core values will get you in trouble.

There is an ethical code that guides our behavior and tells us right from wrong.

In this organization . . .

Agreement

When disagreements occur, we work hard to achieve "win-win" solutions.

There is a "strong" culture.

It is easy to reach consensus, even on difficult issues.

We seldom have trouble reaching agreement on key issues.*

There is a clear agreement about the right way and the wrong way to do things.

In this organization . . .

Coordination & Integration

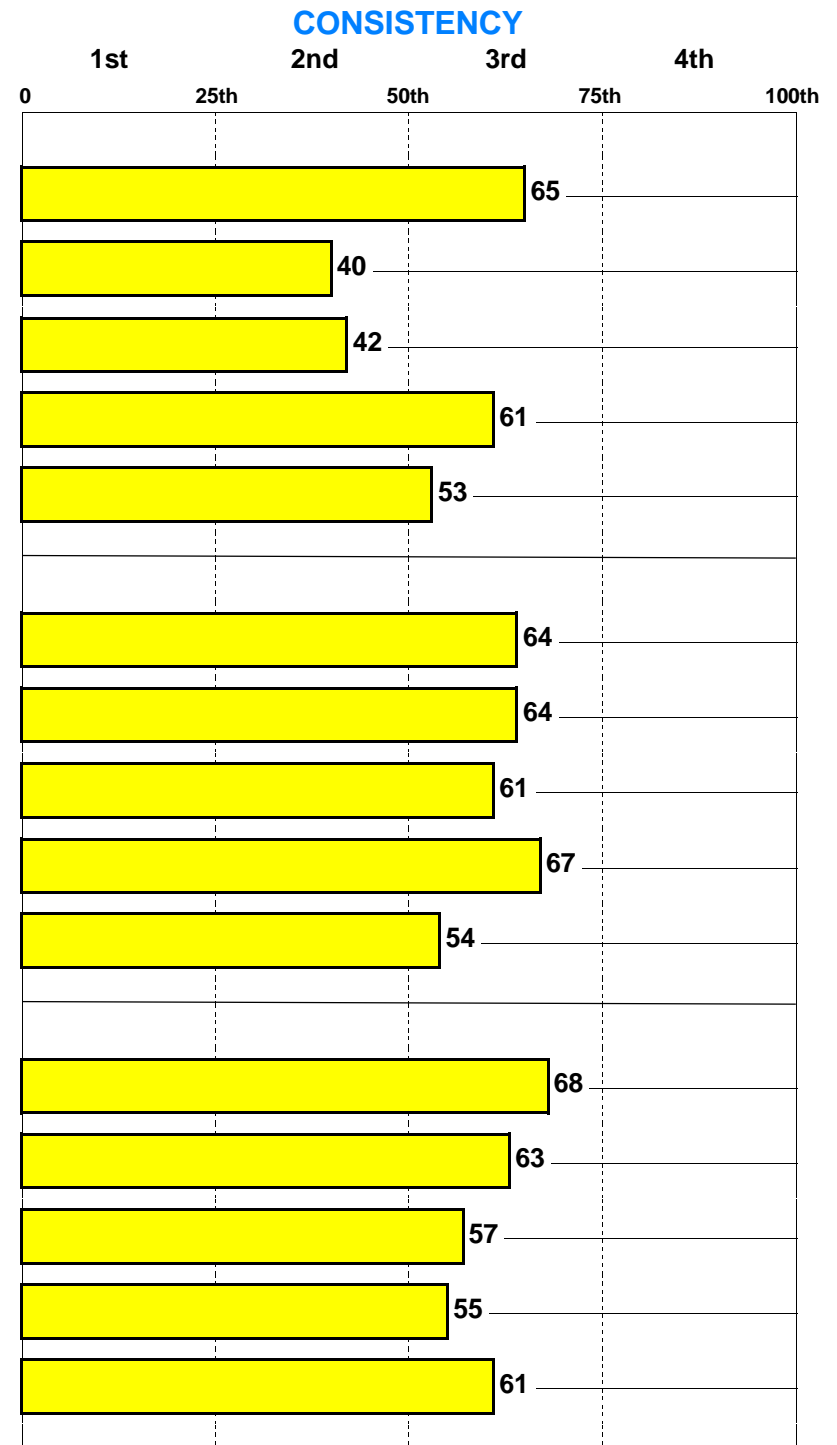
Our approach to doing business is very consistent and predictable.

People from different parts of the organizational share a common perspective.

It is easy to coordinate projects across different parts of the organization.

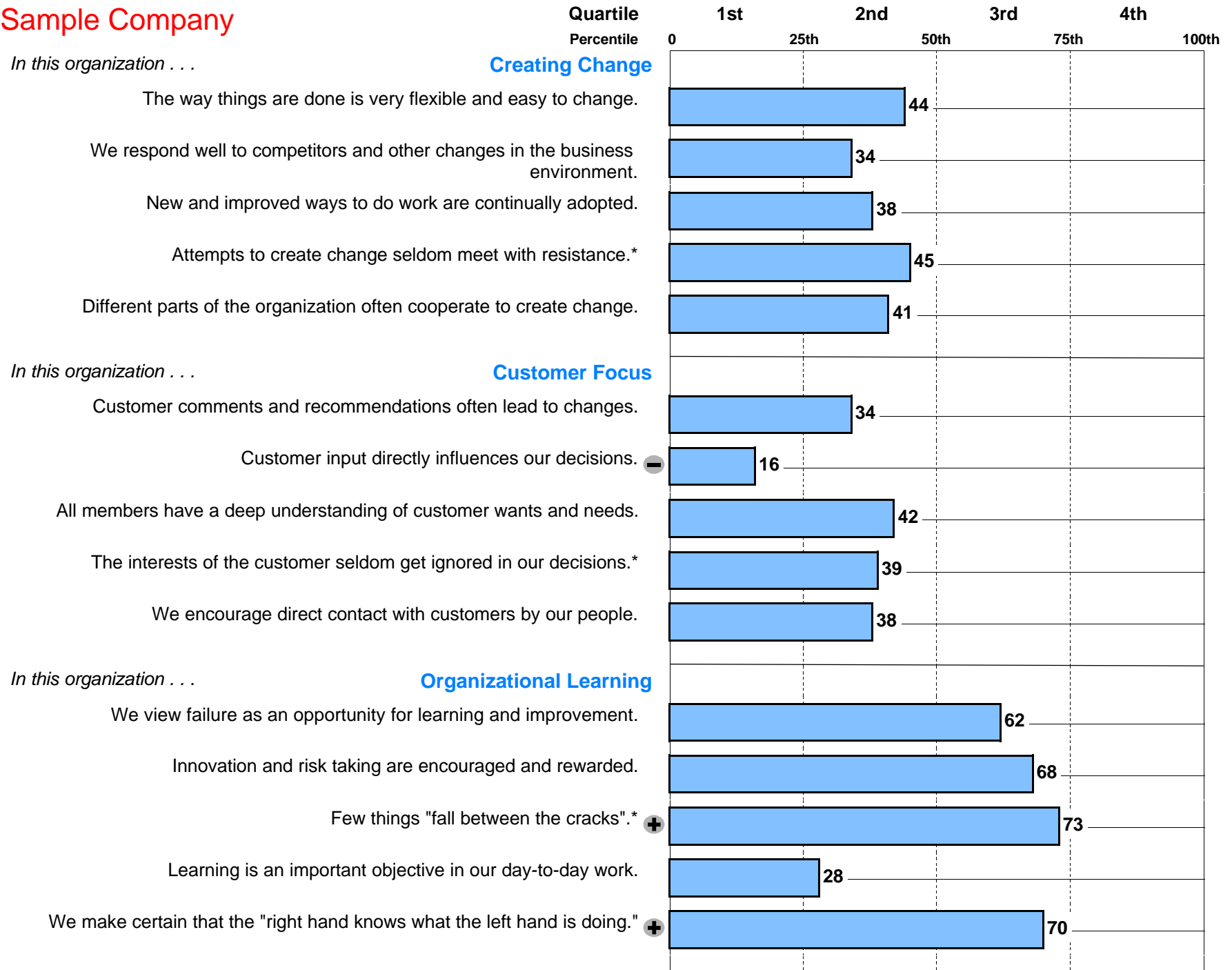
Working with someone from another part of this organization is not like working with someone from a different organization.*

There is good alignment of goals across levels.



Sample Company

ADAPTABILITY



Sample Company

MISSION

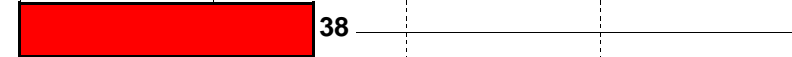
Quartile
Percentile

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

In this organization . . .

Strategic Direction & Intent

There is a long-term purpose and direction.



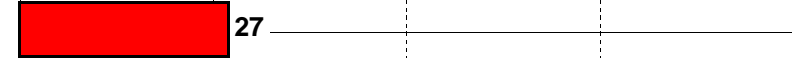
Our strategy leads other organizations to change the way they compete in the industry.



There is a clear mission that gives meaning and direction to our work.



There is a clear strategy for the future.



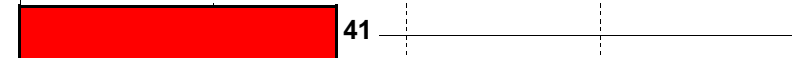
Our strategic direction is clear to me.*



In this organization . . .

Goals & Objectives

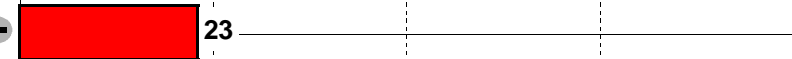
There is widespread agreement about goals.



Leaders set goals that are ambitious, but realistic.



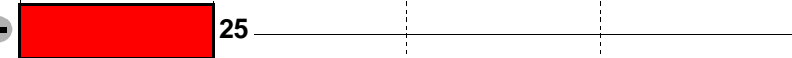
The leadership has "gone on record" about the objectives we are trying to meet.



We continuously track our progress against our stated goals.



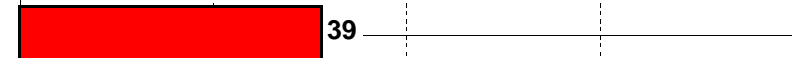
People understand what needs to be done for us to succeed in the long run.



In this organization . . .

Vision

We have a shared vision of what the organization will be like in the future.



Leaders have a long-term viewpoint.



Short-term thinking seldom compromises our long-term vision.*



Our vision creates excitement and motivation for our employees.



We are able to meet short-term demands without compromising our long-term vision.



Sample Company

Highest Scores

	Short-term thinking seldom compromises our long-term vision.*
	Most employees are highly involved in their work.
	Few things "fall between the cracks".*
	Everyone believes that he or she can have a positive impact.
	We make certain that the "right hand knows what the left hand is doing."

Lowest Scores

	Customer input directly influences our decisions.
	Our strategic direction is clear to me.*
	The leadership has "gone on record" about the objectives we are trying to meet.
	We continuously track our progress against our stated goals.
	People understand what needs to be done for us to succeed in the long run.



* Question phrasing and answer reversed from survey

Appendix F

References

References and Suggested Reading

- Allaire, Y. and M.E. Firsirotu (1984), "Theories of Organizational Culture," *Organization Studies*, 5, 193-226.
- Aupperle, K.E., W. Acar and D.E. Booth (1986), "An Empirical Critique of 'In Search of Excellence': How Excellent Are the Excellent Companies?" *Journal of Management*, 12, 4, 499-512.
- Barney, J.B. (1986), "Organizational Culture: Can It Be a Source of Sustained Competitive Advantage?" *Academy of Management Review*, 11, 656-665.
- Bourgeois, L.J. and K. Eisenhardt (1988). "Strategic Decision Processes in High Velocity Environments: Four Cases in the Micro-computer Industry," *Management Science*, 34, 816-835.
- Calori, R. and P. Sarnin (1991), "Corporate Culture and Economic Performance: A French Study." *Organization Studies*, 12, 1, 49-74.
- Deal, T. and A. Kennedy (1982), *Corporate Cultures*. Reading, MA: Addison-Wesley.
- Denison, D.R. (1984), "Bringing Corporate Culture to the Bottom Line," *Organizational Dynamics*, 13, 2, 4-22.
- Denison, D.R. (1990), *Corporate Culture and Organizational Effectiveness*, New York: Wiley.
- Denison, D.R. (1996), "What is the Difference Between Organizational Culture and Organizational Climate? A Native's Point of View on a Decade of Paradigm Wars." *Academy of Management, Academy of Management Review*.
- Denison, D.R. and Mishra, A.K., (1995), "Towards a Theory of Organizational Culture and Effectiveness," *Organizational Science*, 16, 2, 204-223.
- Fisher C.J. (1997), *Corporate Culture and Perceived Business Performance*, unpublished doctoral dissertation, California School of Professional Psychology.
- Saffold, G. (1988), "Culture Traits, Strength and Organizational Performance: Moving Beyond 'Strong' Culture," *Academy of Management Review*, 13, 4, 546-558.
- Schein, E. H. (1985), *Organizational Culture and Leadership*, San Francisco, CA: Jossey-Bass.
- Schein, E. H. (1990), "Organizational Culture," *American Psychologist*, 45, 2, 109-119.
- Walton, R. E. (1986), "From Control to Commitment in the Work Place," *Harvard Business Review*, 63, 76-84.
- Walton, R. E. (1987), "Organizational Culture as a Source of High Reliability," *California Management Review*, 29, 112-127.
- Walton, R. E. and H. Mintzberg (1989), "Visionary Leadership and Strategic Management," *Strategic Management Journal*, 10, 17-32.