

## SECTION TWO



# Understanding the Denison Leadership Development Model

## Purpose

Dear DLA Supervisor,

The *Denison Multi-Source Feedback Assessment* provides leaders and managers with feedback on specific management practices that can impact bottom-line organizational performance. The assessment is the result of a series of studies conducted at the University of Michigan Business School that have examined the relationship between leadership, organizational culture, and organizational effectiveness.

Findings show that four specific organizational culture traits can have significant impact on organizational performance in areas such as Return on Investment, Sales Growth, Product/Service Innovation, Employee Satisfaction, and Quality. The Denison Leadership Model defines a set of twelve leadership skills and links them to these four traits.

Because the survey is only as good as its application, this guide is designed to help DLA Supervisors understand the Denison Leadership Model, to review and interpret results from the assessment, and to develop and implement an action plan for individual development.

We wish you the best in your leadership development efforts.

Sincerely,

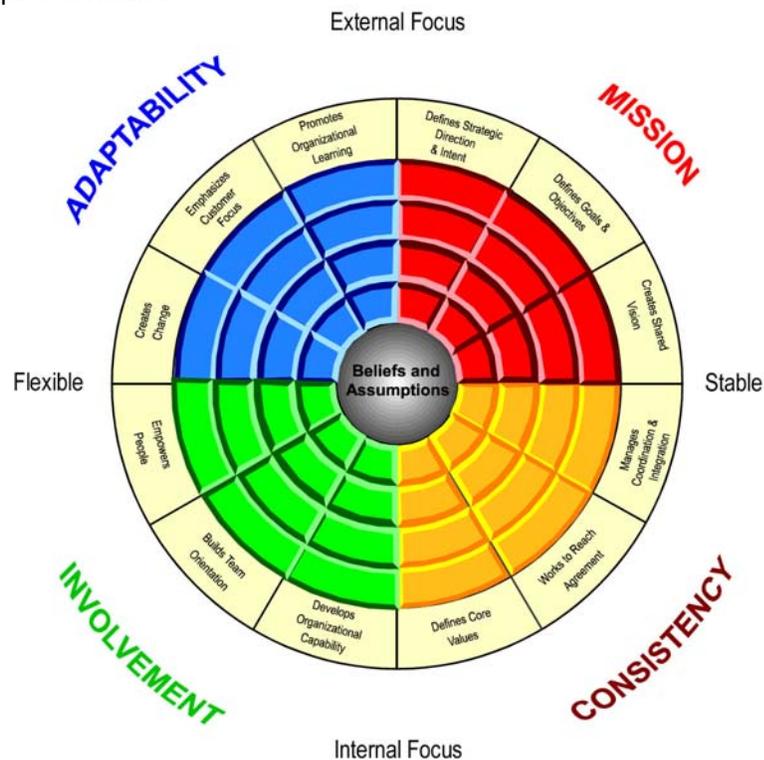
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# The Model

## What is the underlying model for the Denison Multi-Source Feedback Assessment?

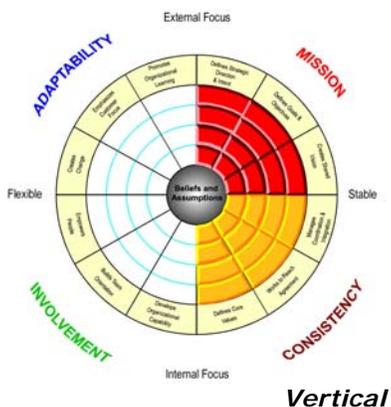
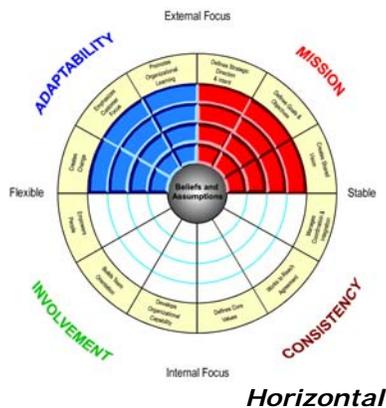
The model underlying the *Denison Multi-Source Feedback Assessment* is based on the four traits of *Involvement*, *Consistency*, *Adaptability*, and *Mission* that have been developed through Dr. Denison's research. For each of these four traits, the model defines three skill areas of managerial practices. The assessment measures your effectiveness in these twelve skill areas with a 96-item questionnaire.



The model recognizes that leadership traits and skills, managerial behaviors, and even organizational strategies can all be linked to a core set of beliefs and assumptions. These essential elements lie at the heart of leadership. In the *Denison Leadership Development Model*, these elements are summarized in terms of four main leadership "traits" that research has shown to have a significant impact on individual and organizational performance.

These underlying traits are expressed in terms of a set of management practices — concrete activities linked to the four leadership traits. These managerial practices stem from and reinforce the dominant beliefs, values, and assumptions of the individual manager. The survey measures these practices using the twelve skill areas that make up the model.

## Why is the circumplex divided into four quadrants?



The four quadrants of the model represent the four traits. Each quadrant includes three skill areas of leadership that are linked to the traits. The traits and the skill areas are presented in terms of two underlying dimensions: *Flexible* vs. *Stable* focus on the horizontal axis and *Internal* vs. *External* 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 leadership. In contrast, *Adaptability* and *Mission* focus on the relationship between leadership and the *external* environment.

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

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

Although research shows that each of the four leadership traits in the model has a positive impact on performance, some of the traits, at least on the surface, may appear to contradict the others. For example, individual managers who exhibit high levels of consistency may lack the flexibility needed during times of radical market change. In contrast, highly adaptive leaders may have difficulty staying the course or maintaining the trust or confidence needed to carry an organization through change.

In a similar sense, the leadership traits for *Mission* and *Involvement* may also seem contradictory: the meaning and direction established by an individual manager may limit the involvement of some of the organization's members. As noted by Ira Chaleff, author of *The Courageous Follower: Standing Up To and For Our Leaders*, when there is low involvement, individual managers can lose their focus, stray from the organization's mission, and erode the support and commitment of the organization's members. However, high involvement among an organization's members does not necessarily imply the clear sense of direction and purpose of an organization driven by strong individual managers.

Dr. Denison's research has demonstrated that for an individual manager to be effective, his/her leadership skills must reflect all of the characteristics identified in the model. Thus, effective individual managers are likely to be adaptive, yet highly consistent and predictable, and to foster high involvement, but to do so within the context of a shared sense of mission.

In over twenty years of research, Dr. Denison has studied the correlation of the organizational culture and leadership traits used in this assessment (*Involvement, Consistency, Adaptability, and Mission*) with organizational effectiveness measures. He has examined many performance indicators for each of the companies included in the research: return on assets and return on investment, as well as other organizational performance measures such as product development, sales growth, market share, quality, and employee satisfaction.

Dr. Denison has found that nearly all of the correlations between the organizational culture, management leadership traits, and organizational effectiveness measures were significant. Each of the four traits and twelve skill areas showed strong positive correlations, documented with a wide range of effectiveness measures.

## **How do the traits correlate to organizational performance measures?**

All four traits were positively correlated with return on assets (ROA), but some of the traits were more closely linked to other organizational effectiveness measures as shown below. Using this framework, one can understand how each set of traits may affect specific performance measures and an organization's bottom line.

*Mission & Consistency* tend to affect financial performance measures such as return on assets (ROA), return on investment (ROI), and return on sales (ROS). Strong *Mission & Consistency* ratings are typically associated with operational strength and high returns on assets, investments, and sales.

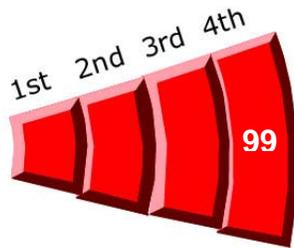
*Consistency & Involvement* tend to impact quality, employee satisfaction, and ROI. Strong *Consistency & Involvement* ratings typically indicate high levels of quality, fewer defects, less rework, efficient use of resources, and high levels of employee satisfaction.

*Involvement & Adaptability* typically impact product development and innovation. Strong *Involvement & Adaptability* rankings typically reflect high levels of product/service innovation and creativity, as well as a fast response to customers' and employees' changing needs. *Adaptability & Mission* typically affect revenue, sales growth,

and market share. Strong *Adaptability & Mission* rankings are consistent with organizations that have continually increasing sales growth and market share.

For additional background on this research, copies of Dr. Denison's articles and his book *Corporate Culture and Organizational Effectiveness* (available from Amazon.com).

## How does the model display scores?



To simplify the interpretation of the scores, the assessment profile depicts the scores in *percentile* form. This method of presenting the data compares a person's leadership skills with the leadership skills of others who have taken the assessment.

The scores are *normed*, which means that the data from the assessments are compared with the responses that have been reported for other individual participants in the norm database. For example, receiving a 82<sup>nd</sup> percentile score for one of the leadership traits means that 82 percent of past participants scored lower than you.

The profile also uses color to indicate that quartile in which your score falls. The first quartile represents individual contributors scoring in the 1<sup>st</sup> through 25<sup>th</sup> percentile, the second quartile represents individual contributors scoring in the 26<sup>th</sup> through 50<sup>th</sup> percentile, the third quartile represents individual contributors scoring in the 51<sup>st</sup> through 75<sup>th</sup> percentile, and the fourth quartile represents individual contributors scoring in the 76<sup>th</sup> through 100<sup>th</sup> percentile. Third and fourth quartile scores typically represent leadership skills found in higher performing individual contributors. First and second quartile scores represent the type of leadership skills typically found in lower performing individual contributors.

Skill areas with scores in the first or second quartile are areas of vulnerability that need attention. When scores are under the 50<sup>th</sup> percentile, the leadership profile shows that more than 50% of individuals who have taken the assessment score higher in these areas. By reviewing your leadership score for the skill areas within each trait, you receive a profile of your leadership skills. This will provide you with information as to the strengths and weaknesses of your leadership. This knowledge will help you to develop an action plan to direct your leadership skills toward higher performance.

# Traits and Skills

This section provides a detailed discussion of each of the four traits and their component skills. The line-item report contained in your Summary Report groups the assessment items into the appropriate indexes so that you can identify the specific items that contribute to your scores.

## Understanding Involvement:

***Building human capability, ownership, and responsibility.***



Individual managers who know how to create “high-involvement” organizations strongly encourage others to be involved and create an environment of experimentation and exploration, as well as a sense of ownership and responsibility. Highly involved, managers depend on informal, voluntary, and implicit leadership skills to move their work group or organization forward rather than formal, explicit, bureaucratic directives. Out of this sense of ownership grows a greater commitment to the organization, an increasing capacity for leadership, and a sense of autonomy. Receptivity to the ideas of others increases leadership quality and improves their implementation of new ideas.

**The skills of the Involvement Trait are:**

***Empowers People*** - Creates an environment where individuals have the authority, initiative, and ability to develop and manage their own work. Employees who work for this manager have a sense of ownership and responsibility toward the organization.

***Builds Team Orientation*** - Places value on working cooperatively toward common goals and knows how to use team effort to get work done. Establishes a sense of mutual accountability for the accomplishment of goals.

***Develops Organizational Capability*** - Continually focuses on the development of employees’ skills and knowledge to meet ongoing organizational needs. Effectively uses the diverse capabilities of the work force.

## Understanding Consistency:

***Defining the values and systems that are the basis of strong leadership.***



Consistency provides a central source of integration, coordination, and control. Consistent individual managers develop a mindset and a set of operations that create an internal system of governance based on consensus. 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 dos and don'ts.

Consistency produces leadership based on a shared system of beliefs, values, and symbols that are widely understood by members of a work group or 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 leadership consistency is particularly apparent when organizational members encounter unfamiliar situations. Consistency enables leadership to react in a predictable way to an unpredictable environment by emphasizing a few general, value-based principles on which actions can be grounded.

### **The skills of the Consistency Trait are:**

***Defines Core Values*** - Communicates and lives by a set of nonnegotiable core values. Helps to define the work group or organization's culture, values, and ethics; and helps employees learn to apply the organization's values when dealing with customers, stakeholders, and other employees.

***Works to Reach Agreement*** - Helps to reconcile differences when they occur by actively promoting constructive discussion of conflicting ideas, incorporating diverse points of view into decisions, and working toward win-win solutions.

***Manages Coordination and Integration*** - Ensures that different functions or units of the work group or organization are able to work together well to achieve common goals. Establishes necessary contacts and coordinates resources in other groups to prevent organizational boundaries from interfering with getting work done.

## Understanding Adaptability:

***Translating the demands of the organizational environment into action.***



Successful individual managers hold a system of norms and beliefs that support their capacity to receive and interpret signals from the environment, and to translate them into internal behavior changes that increase the work group or organization's chances for survival, growth, and development.

Three aspects of adaptability influence an individual manager's effectiveness. First is the ability to perceive and respond to the external environment. Successful individual managers 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 reinstitutionalize a set of behaviors and processes that allow the organization and its employees to adapt. Without this ability to implement adaptive response, an organization cannot be effective.

**The skills of the Adaptability Trait are:**

***Creates Change*** - Knows the organizational environment, quickly reacts to current trends, and anticipates future changes. Continuously creates adaptive and innovative ways to meet changing needs.

***Emphasizes Customer Focus*** - Driven to clearly understand the present and future needs of the customer, seeks ongoing input from the customer, continuously strives to improve customer service, and ensures that all employees are driven by a concern to satisfy the customer.

***Promotes Organizational Learning*** - Encourages innovation, risk taking, and continuous improvement. Sees mistakes as opportunities for gaining knowledge and developing capabilities.

## Understanding Mission:

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



The individual manager's mission provides purpose and meaning by defining a role and external goals for his/her functional area or unit. It provides a clear direction and goals that serve to define an appropriate course of action for the individual manager and his/her employees. The individual manager is able to align the mission and goals for his/her functional area or unit to the mission and goals of the organization. A sense of mission allows an individual manager to inspire, to direct activities, and to formulate strategy by envisioning a desired future state. Being able to translate his/her mission into action contributes to both short and long-term commitment to the organization. Success is more likely when individual managers and organizations are goal directed.

**The skills of the Mission Trait are:**

***Defines Strategic Direction and Intent*** - Communicates the organization's overall strategies so that everyone can see the relationship between their work and the accomplishment of the work group or organization's goals. Effectively implements short and long-term strategies to meet organizational goals.

***Defines Goals and Objectives*** - Encourages high employee accountability in setting and accomplishing organizational goals. Communicates a clear set of goals and objectives that can be linked to the mission, vision, and strategy of the work group or organization.

***Creates Shared Vision*** - Helps create a shared view of a desired future state for his/her organizational unit. Inspires others with this vision, translates it into everyday activities, and engages others to ensure buy-in and commitment.