

Health

By David G. Knott, Jeff Boschwitz and Decio K. Mendes

Certain characteristics determine how a company responds to challenges, and once these are identified, the company can work to improve its performance.

Know Your Company's 'DNA'

Like people, health insurance companies have individual personalities that can affect their performance. By examining key traits, a company can identify its organizational "DNA"—embedded characteristics that determine how the company responds to challenges. Once those traits have been identified, a company can work to improve those traits—and improve its performance.

In a recent online poll, Booz Allen Hamilton asked more than 4,000 executives and middle managers at U.S. companies, including more than 500 from the health-care industry, to answer 19 questions to help them identify their organization's unique characteristics, or DNA (see www.orgdna.com). The questions were organized around four critical organizational features—decision rights, motivators, information and structure. The way these four dimensions combine defines an organization's DNA.

- **Decision Rights:** Specify who has the authority to make which decisions. Clarifying these rights puts flesh on an organization chart and reveals where responsibility lies. Clear decision rights translate into lower costs and speedier execution.

- **Motivators:** The incentive mechanisms that encourage employees to embrace change. Without appropriate motivators—monetary or otherwise—employees have no incentive to alter behaviors or enact new plans.

- **Information:** Provides the underlying capability to ensure clear decision rights and to measure and motivate people. Ensuring that high-quality information is available, all the time, and reaching the necessary individuals is among the most challenging tasks in the modern corporation.

- **Structure:** How the company is organized. For example, organizing business units around customers, products or geography supports a company's strategy when the structure and the business are well matched.

Answers to the questions were fed through proprietary software that assigns the organization one of seven profiles:

- **Passive-Aggressive:** "Everyone agrees but nothing changes." Line employees tend to ignore mandates from headquarters.

- **Fits-and-Starts:** "Running in a million directions." Staff does not pull in the same direction at the same time.

- **Outgrown:** "Bursting at the seams." An organization that has grown too large and complex to be controlled effectively by a small team of executives.

- **Overmanaged:** "Analysis paralysis." This organization moves slowly, reactively and less vigorously than its competitors.

- **Military:** "Command and control" by a small group of senior managers. Succeeds by force of senior management's will.

- **Just-in-Time:** Ability to "turn on a dime" when needed. Might miss opportunities, but by inches rather than miles.

- **Resilient:** "Adaptive to market changes" yet steadfast in business strategy. This forward-looking organization anticipates changes routinely and addresses them proactively.

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Not all profiles are created equally. Nearly 70% of respondents from the health-care industry learned that their company exhibits unhealthy traits, i.e., Passive-Aggressive, Overmanaged, Fits-and-Starts or Outgrown. The most common profile, with 33% of health-care respondents, is Passive-Aggressive. Overmanaged is the second most common type, at 20%. Overall, only 20% of health-care respondents gave answers resulting in healthy profiles, and only 12% described behaviors consistent with the healthiest profile: Resilient.

When comparing the health-care responses across levels within the organizations, we found that senior management has a much sunnier opinion than their junior co-workers of how their companies are managed (17% of senior management responses generated the Resilient label vs. 5% of lower-level employees' answers). This disconnect helps to explain why health-care organizations have not been able to address more swiftly and aggressively the challenges and opportunities that they face.

Fortunately, the DNA of an organization, unlike that of living organisms, can be reconfigured. Reconfiguration requires delicately rewiring the four bases to create greater resilience. Because the first step in fixing problems is to identify and isolate them, DNA testing can be as valuable to corporate health as it is to human health care. But generating a profile is not the point; it is only an exercise designed to reveal the root causes of organizational disconnects and execution problems.

Successful health insurance companies have discovered that organizing their operations to improve how the company performs creates a true competitive advantage. While no company may ever truly master the enigma of execution, the most resilient and consistently successful ones are adaptive, self-correcting entities that grow more robust over time. BR

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