

Organizational DNA

ABOUT ORGANIZATIONAL DNA

Organizational DNA At-a-Glance

Why is it that some organizations can bob and weave and roll with the punches – consistently delivering on commitments – while others can't leave their corner of the ring without tripping on their own shoelaces?

To answer that question, you have to look beneath the surface at the organization's DNA.

Organizational DNA is a metaphor for the underlying factors that together define an organization's "personality" and help explain its performance. The distillation of years of experience studying how companies organize and execute, the Organizational DNA framework was developed by Booz & Company to give organizations an easy, accessible way to identify and remedy the roadblocks that impede results:

- "Everyone agrees on a course of action, but nothing changes."
- "There goes another opportunity, while we wait for a decision."
- "It's a great idea; it'll never happen."
- "I'm either micromanaged or left holding the bag."
- "The businesses and functions just aren't working together to get results."
- "I don't feel motivated to go the extra mile. What's in it for me?"
- "Ready...aim...aim...aim."
- "We have the right strategy and a clear implementation plan, but we can't seem to execute."

If any of these complaints sound like your organization, Organizational DNA can help.

The Four Building Blocks

Like the four nucleotides that comprise human DNA, there are four basic building blocks in any organization's DNA – decision rights, information, motivators and structure. These building blocks and the way they combine largely determine how an organization behaves, and whether it can achieve results.

The Four Building Blocks of Organization DNA

Decision Rights

The underlying mechanics of how and by whom decisions are truly made, beyond the lines and boxes of the organization chart

Motivators

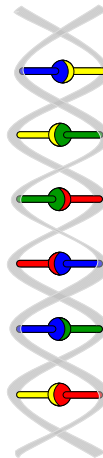
What objectives, incentives, and career alternatives do people have? How are people influenced by the company's history?

Information

What metrics are used to measure performance? How are activities coordinated, and how is knowledge transferred?

Structure

The overall organization model, including the "lines and boxes" of the organization



- **Decision Rights.** "We have to assemble ten executives in a room to make routine business decisions." At some fundamental level, every individual in your organization is constantly making decisions and managing trade-offs, whether it's how to price a customer quote, which engineering projects to fund given a limited budget, or what phone calls or e-mails to return first. How well and how efficiently they make these decisions largely determines the organization's success in the marketplace. Decision rights – the underlying mechanics of how decisions are truly made – determine how well organizations work, how quickly the right new products/services get to market, and how much the organization spends to get results. Therefore, decision rights is the first building block that dysfunctional organizations should address; it's the cornerstone of effective organizational renovation.
- **Information.** "I don't have the information I need to do my job." Poor information is the organizational equivalent of junk food. It clogs communications arteries, bloats the system with empty calories, and fools the body into thinking it's nourished, when, in fact, it may well be on the verge of crisis. The effects of bad information on the other DNA building blocks – particularly decision rights and motivators – are powerful. Without accurate and available information, decision-makers cannot make quick, smart moves in the marketplace, and employees don't receive the recognition – either positive or negative – that their actions merit.



- **Motivators.** *“We paid bonuses, but no one seems to behave any differently.”* Motivators include more than money; they also encompass all of the objectives, incentives, and career opportunities that prompt people to care and achieve. These rewards, both financial and nonfinancial, can encourage individuals to align their goals with those of the organization and pursue them in earnest...or they can, however inadvertently, stimulate counterproductive behaviors by driving a wedge between self-interest and the good of the organization.
- **Structure.** *“Here’s our org chart, but let me tell you how it really works around here.”* Structure is the most visible and obvious of the four Organizational DNA building blocks, and it’s where most organizational change programs start. Structure should not be a starting point, however; it should be the logical outcome of the choices made regarding the other three building blocks. While important and potentially crippling if designed poorly, structure is the capstone, not the cornerstone, of most reorganization efforts.

The right people – imbued with the right values, armed with the right information, and motivated by the right incentives – are the driving force behind a winning organization. The fundamental challenge is to align these building blocks so the individual’s self-interest coincides with the organization’s agenda.

No building block stands alone; they are interdependent. Therefore, steps taken to modify any or all of the building blocks must be coherent, coordinated, and clear. Tinkering with any one element – say, structure – in isolation is likely to affect the other three in ways that are not intended, and may set the organization back rather than move it forward. Achieving organizational alignment takes different forms from company to company. There is no right answer or universal prescription. The only imperative is that the four building blocks of Organizational DNA work together rather than at cross purposes to solve the organizational puzzle.

The Seven Organization Types

Based on our experience working with organizations and our research on how well or badly the four Organizational DNA building blocks are aligned in them, we have identified seven principal types of organizations. A short, online test -- the Org DNA Profiler® -- is available on our webpage, www.OrgDNA.com, to diagnose your organization. We consider four of the seven organizational types as healthy, three as unhealthy:

Passive-Aggressive

“Everyone agrees, but nothing changes.”

This is the seething, smiley-face organization. Building consensus to make major changes is not a problem; implementing these changes, however, is next to impossible. Entrenched, underground resistance from field operations routinely defeats corporate initiatives, as line employees assume “this too shall pass.” Confronted with an apathetic organization, senior management laments the futility of “nailing Jell-O to the wall.”

Fits-and-Starts

“Let 1,000 flowers bloom.”

This organization lures intellect and initiative – smart people with an entrepreneurial bent, but who often do not pull in the same direction at the same time. It’s a no-holds-barred environment in which a person can take an idea and run with it. But, in the absence of strong direction from the top and a solid foundation of common values below, initiatives either clash and explode or simply peter out. The result is an overextended organization on the verge of spinning out of control.

Outgrown

“The good old days meet a brave new world.”

This organization is literally bursting at the seams, having expanded beyond its original organizational model. Because power is closely held at the top, the Outgrown organization tends to react slowly to market developments and often finds it cannot get out of its own way. If you’re in the middle of this organization, you might well see opportunities for sales or positive change, but it’s just too hard to run these ideas up the flagpole. The legacy of top-down direction and decision-making is too well entrenched.

Overmanaged

“We’re from Corporate, and we’re here to help.”

Burdened with multiple layers of management, this organization is a case study in “analysis paralysis.” More consumed with the trees than the forest, managers spend their time checking subordinates’ work rather than scanning the horizon for new opportunities or threats. Frequently bureaucratic and highly political, this organization frustrates self-starters and results-oriented individuals.



Just-in-Time

"Succeeding by the skin of our teeth..."

Although not always proactive in preparing for change, this type of organization has demonstrated an ability to "turn on a dime" when necessary, without losing sight of the big picture. Just-in-Time organizations have a "can-do" attitude that infuses the office and inspires creative outbursts, frequently real breakthroughs, but it can also burn out the best and brightest bulbs. In the absence of consistent, disciplined structures and processes, this organization's home runs often become "one-hit wonders," rather than a reliable source of competitive advantage, leaving this organization scrambling to stay healthy.

Military Precision

"Flying in formation..."

Everyone knows his or her role and implements it diligently in this organization, creating the overall effect of fluid and consistent execution. The Military Precision organization is hierarchical and operates under a highly controlled management model that allows it to efficiently execute large volumes of similar transactions. It can conceive and execute brilliant strategies—often repeatedly—because it has drilled the organization and run it through every scenario in the manual. However, it does not typically deal well with events not planned for in the playbook.

Resilient

"As good as it gets..."

This is the organization that inspires both awe and envy because everything seems to come so easily to it: profits, talent, respect. Like the popular kid in high school who got all As and lettered in track, the Resilient organization seems destined for greatness; it fires on all cylinders. Resilient organizations are flexible, forward looking, and fun, and they attract team players. While it may hit a bump in the road—as all companies do—the Resilient organization bounces back immediately, having learned from the experience. The Resilient organization is the healthiest of all the profiles, precisely because it doesn't believe its own press; rather, it is always scanning the horizon for the next competitive battle or market innovation.

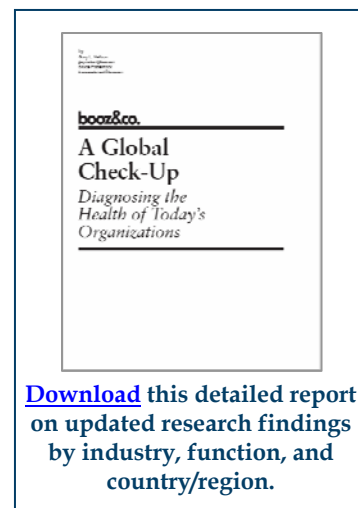
Global Organizational DNA Research

The research that forms the basis for Organizational DNA is inspired by experience, underpinned by economic theory, and fueled by hard data. Booz & Company's decades of experience helping clients with organizational issues has armed us with some robust perspectives on organizational dysfunction and its causes and remedies. This experience, combined with recent academic work on the economics of organizations, helped us create an assessment tool called the *Org DNA Profiler*®.

Between December 2003 and March 2007, more than 60,000 *Org DNA Profiler*® surveys were completed voluntarily by individuals visiting this Website. In addition, more than 40,000 profiles have been generated on client-specific sites set up to facilitate work with both corporate and not-for-profit organizations. In these cases, we created a password-protected survey site for each client to collect and analyze input on organizational issues. On both the public site and the company-specific sites, individual responses are strictly anonymous; no names—company or individual—are requested or revealed. The data collected are used only for analysis and comparison purposes.

The *Org DNA Profiler*® database cuts a wide swath across industries, geographies, and organizations. Represented are thirty-four industries—from banking to transportation to energy—and more than ten internal departments/functions (human resources, information technology, legal, etc.). We also have data related to position or level within the company (e.g., top management, corporate staff, etc.).

With the addition of a "country" field in April of 2004, we began capturing location information, and now have profiles submitted from more than one hundred countries. The site has been translated into fourteen languages, including German, Japanese, and Chinese. The data collected by the *Org DNA Profiler*® are from an extraordinarily broad cross-section of global organizations, creating a robust dataset from which to draw conclusions. For a detailed discussion of these research findings, see the Research Findings section of this site or download the Global Research Report.



Producing Results

Drawing on their combined fifty years of consulting experience at Booz & Company and a rich database of 50,000 *Org DNA Profiler*® responses, Gary L. Neilson and Bruce A. Pasternack have written the book on how to organize for results. **RESULTS: Keep What's Good, Fix What's Wrong, and Unlock Great Performance** explains why some organizations cross the finish line before others have even started their engines.

Using the Organizational DNA concept and research as a point of departure, the book devotes a chapter to each of the seven types of organization – Passive-Aggressive, Fits-and-Starts, Outgrown, Overmanged, Just-in-Time, Military Precision, and Resilient – using real case studies to illustrate key lessons learned. Some of the stories featured include: Caterpillar, FedEx, Nissan, Quest Diagnostics, 7-Eleven, Symantec, and Special Olympics.

RESULTS provides innovative and practical insights on how to align organizations to a common purpose and strategy. Whether you're a CEO or a frontline manager, you'll find this book an accessible and actionable guide and an invaluable reference resource.

You can [order the book](#) or check out the [Table of Contents and Chapter 1](#) of the book.

How Booz & Company Can Help

There's a reason some companies succeed where others fail. It's not accidental. The ability to achieve results is an outcome of the organization's design – and can be changed for the better.

One of the world's leading management consulting firms with more than 19,000 employees on six continents, Booz & Company offers an array of services to help leading corporations, government agencies, and not-for-profit institutions identify, diagnose, and remedy common organizational "roadblocks" to effective execution. Whether the challenge is to enlighten management or motivate major change, Booz & Company can help your organization achieve its objectives.

For example, Booz & Company offers clients the opportunity to identify and improve their Organizational DNA through a facilitated one-day workshop for senior management. Using the *Org DNA Profiler*® as a starting point, top executives, business unit heads, and staff leaders (from ten to one hundred or more) come together at an off-site location to identify the impediments to superior performance in their organization and develop sustainable programs and processes to overcome them. For further information on the Organizational DNA Workshop or other related service offerings, visit [Improve Your Organization](#).

To learn more about the firm, visit the Booz & Company Website at www.booz.com.

For readings on Organizational DNA and related topics please visit our [Library](#).

