



ANALYZING ORGANIZATIONAL DNA TO EMPOWER ACTIONABLE DECISION MAKING

Just as human DNA contains a set of instructions for how people function, **organizational DNA contains instructions for how organizations perform.** It is the blueprint for how people in your company work together—the genetic code that helps leaders create environments that engage, align, and influence people to get things done. And mapping your company’s DNA data is the key to unlocking your people’s potential.

*Our experience has shown that by collecting the right data, we can help executives make decisions that modify their organization’s DNA to better align with and support their strategy. However, it is critical to understand that every company’s **organizational DNA is unique.***

This uniqueness has two important implications:

1. Organizations have distinct structures, mindsets, cultures, and underlying processes and these differences have a major influence on whether new initiatives or strategies succeed or fail. **A solution that works in one company may completely fail in another.**
2. When senior executives are unaware of how their DNA aligns or conflicts with new strategic initiatives, it can lead to unexpected failure. To make better decisions,

executives need a DNA-based actionable plan that enables them to leverage their unique DNA to support mindsets and processes that align with successful execution of their strategic initiative.

What Works in One Company May Completely Fail in Another

You need a plan based on your own company's DNA to determine what is the best path to successfully implement desired change. Consider two recent classic examples:

- **Using an Agile approach to improve innovation.**
 - Spotify adopted the Agile development model with autonomous, cross-functional teams called “squads.” Spotify's DNA included a high tolerance for risk and innovation, making Agile a natural fit for fostering rapid, creative development.
 - When IBM tried to implement the same Agile approach, it struggled because of its embedded hierarchical, bureaucratic culture. Teams were accustomed to well-defined roles and responsibilities, and decisions often required multiple levels of approval. Agile's emphasis on autonomy and self-organization clashed with IBM's DNA and, as a result, failed to produce its intended impact on innovation.
- **Using direct-to-customer sales as a growth engine.**
 - Tesla's direct-to-consumer sales model and focus on software-driven innovation have been central to its success in the EV market. Tesla's organizational DNA emphasizes agility, rapid innovation, and a strong software-centric approach.
 - Volkswagen attempted to emulate Tesla's success. However, Volkswagen's traditional manufacturing-centric culture and complex corporate structure

hindered its ability to adapt quickly. This misalignment between the new strategy and Volkswagen's existing organizational DNA resulted in significant failure in the EV market.

Clearly, what worked successfully in one company was a disaster in the other.

Mapping a DNA-Based Actionable Plan.

To avoid unintended failure, you need to collect data on the complex interactions among a number of factors including your structure, mindsets, processes, leadership, and your culture.

By measuring how these different factors interact with each other and impact your strategy execution, we can provide tailored maps that show you what works for you based on your unique organizational DNA.

Consider the case of a market leader that was losing market share to their competition who were disrupting the industry by collaborating with customers in the design of new products. They were advised by another consulting firm to implement a new ERP system to enable them to work more efficiently and effectively with customers. However, the ERP system failed to deliver the promised results.

We then had the company complete our Organizational DnA® to analyze their unique DNA in order to find the root cause of why the ERP implementation had not helped and what actions the executive team could take to overcome obstacles.

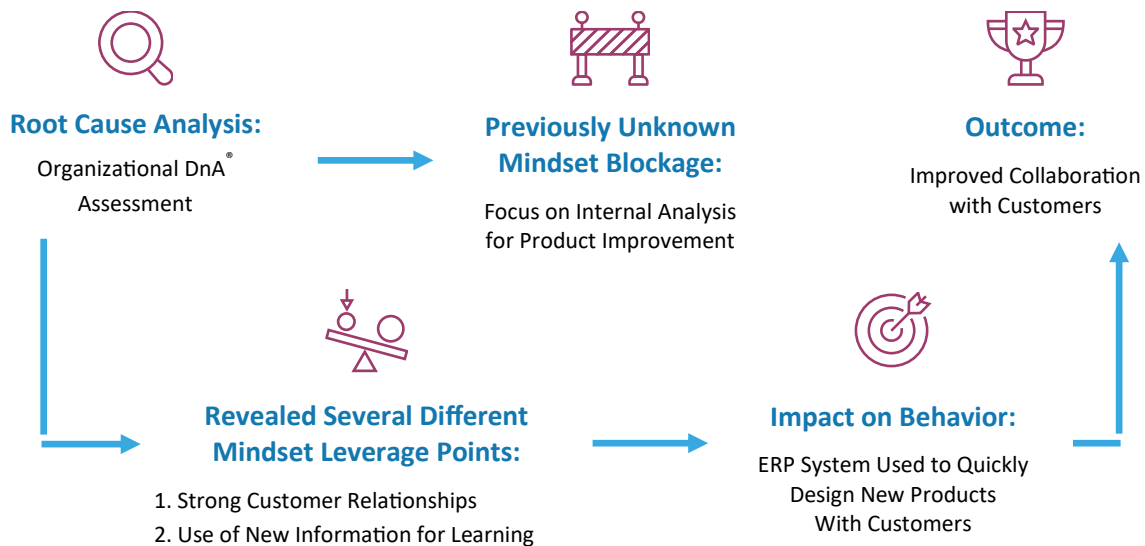
Based on our analysis, we created an Organizational DNA Map that revealed what behaviors and mindsets aligned with collaborating with clients and what behaviors were not aligned.

Below is a simplified DNA Map of what we found:

FIGURE 1

A Simplified Map:

**Why the ERP System Initially Failed to Make a Difference
And How a DNA Analysis Provided a Roadmap for Success**



While consultants commonly recommend implementing ERP systems to fix productivity problems, they rarely consider a company's unique DNA as a factor in successful execution. Consultants often consider typical, amorphous issues such as "resistance to change", but rarely consider the root causes of resistance.

In fact, we find that just looking for causes of active resistance is not enough. Consider the case mapped out above. A main factor for why the ERP implementation did not work was the company's engineering mindset of focusing on **internal** analysis for product improvement which had served them well for many decades. As a result, the idea of collaborating with **external** customers to improve products was **not in their DNA**. In many ways, the engineers were not knowingly resisting, they were just doing what they had always done, been rewarded for, and enjoyed doing because they excelled at it. As a result, this mindset was blocking the ability of people to use ERP to better collaborate with external customers. The new system just made them more efficient at focusing on internal analysis for product improvement.

On the other hand, our analysis showed that there were several aspects of their unique DNA that already aligned with collaborating with customers. Figure 1 shows two of the six mindsets they could leverage to better collaborate without meeting worker resistance since those were already a part of their DNA.

It is important to note that Figure 1 is a simplified DNA Map for the purposes of this article. We typically share additional maps that reveal more mindsets that are aligned and misaligned with making the changes they desire.

*The DNA analysis provided the company's executive team with actionable steps which they took to improve working with customers to create new products together. **Now, workers were able to use the ERP system as a tool for efficiently and effectively working with customers.** As a result, market share and revenue growth rebounded.*

As we all know, research shows that 70-90% of change initiatives fail. We believe a main factor for this dismal record is the failure of leaders to understand their organization's DNA. And, just like Volkswagen's effort to copy Tesla's approach failed, so will yours if you do not collect the right data about your organization's unique DNA. Companies are complex organisms (hence the term "organizations"), and successful change is dependent on understanding the interplay among numerous factors. You need to understand how changing one aspect of a company's DNA impacts other factors and ultimately how these dynamics impact change. We have found the best way to do this is to analyze a company's DNA and create a map that reveals what mindsets support, and which may block a successful change effort.

Strategia Analytics

Offices

Tucson, AZ and Cinnaminson, NJ

www.StrategiaAnalytics.com

888-992-8588