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*The  
dominant  
genes*

**&**

**Organizational  
survival of  
the fittest**



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# Executive summary



**Most executives can readily agree:** Organizational success hinges on effective execution, and effective execution is a matter of ability and agility. Can an organization quickly convert strategy into action, and can it deal effectively with discontinuous change in its competitive environment?

Organizations are collections of individuals, each of whom makes multiple trade-offs every day. To drive superior execution, organizations need to align the choices of these individuals with the overall strategic goals of the enterprise. In our experience working with companies and government agencies, we've identified four fundamental tools that organizations can wield to achieve that alignment: decision rights, information, motivators, and structure. These tools, in combination, determine — even predict — how an organization behaves internally and performs externally; they are the organization's genetic code, so to speak.

To enhance execution and boost performance, most managers have traditionally focused most of their attention on the structure gene. They literally “restructure.” According to our research, however, decision rights and information flows provide the greater leverage in driving execution. These two are the “dominant genes”: Decision rights and information correlate most strongly with execution ability and agility, which, in turn, correlate strongly with superior profitability and growth.

Decision rights and information are dominant for a reason; they each have a pervasive effect on the organization and its other building blocks. Unclear decision rights not only paralyze decision making, they impede information flow and precipitate work-arounds that subvert formal reporting lines. Blocked information flows result in poor decisions, limited career development, and a reinforcement of structural silos.

Although each organization is unique, the insights captured in this report can help all companies chart a straighter course to performance improvement. Getting there is all about assembling the right program of actions that draw on the highest-leverage tools or genes — and then executing it.

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# *The path to effective execution*

Most companies, by their own admission, cannot sustain superior results. Their vision and strategy are clear, but they are unable to get past the barriers that stand between them and enduring, exceptional performance. As management consultants, we've devoted decades to helping organizations identify and overcome the impediments to their long-term success. That experience leads us to one overarching conclusion: Sustainable success is a matter of execution.

Furthermore, we've discovered that effective execution rests on two fundamental pillars: ability and agility.

- **Execution ability** is a measure of conversion — the conversion of intention into action. It refers to how well and how quickly an organization can implement important strategic and operational decisions.
- **Execution agility** is the degree to which an organization deals successfully with discontinuous change in its environment. The trigger can be an external threat or opportunity, or an internal transformation imperative; what is significant is how quickly and effectively the organization adapts to its new reality.

By laying organizational performance at execution's door, we are making a rather bold statement, one that we have spent the past four years verifying through a global research program. This research encompasses in excess of 125,000 individual responses from more than 1,000 companies, government agencies, and not-for-profits in more than 50 countries around the world (see "*Org DNA Research Sample*," page 9). Senior management — the strategy setters — cannot dictate their organization's ultimate success (or failure); they can only establish the necessary conditions for success. The rest is up to every employee at every level of the organization and how well they execute the given strategy.

Effective execution is not glamorous; it's not a big idea or a blockbuster product. Rather it is consistent, directed, aligned effort at every level

from the C-suite to the sales floor to the shared-services center. Enduring results reside in the hundreds, even thousands, of individual decisions and actions made by every employee across the enterprise each day; they are, collectively, the engine of execution.

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## ***Secrets to successful strategy execution***



Drawing on the findings of this multiyear research program, Gary L. Neilson, Karla L. Martin, and Elizabeth Powers have coauthored “The Secrets to Successful Strategy Execution,” which was featured on the cover of the June 2008 issue of *Harvard Business Review*. To download a free copy of this article, go to [hbr.org/2008/06/the-secrets-to-successful-strategy-execution/ar/1](http://hbr.org/2008/06/the-secrets-to-successful-strategy-execution/ar/1).

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# *Organizational DNA*

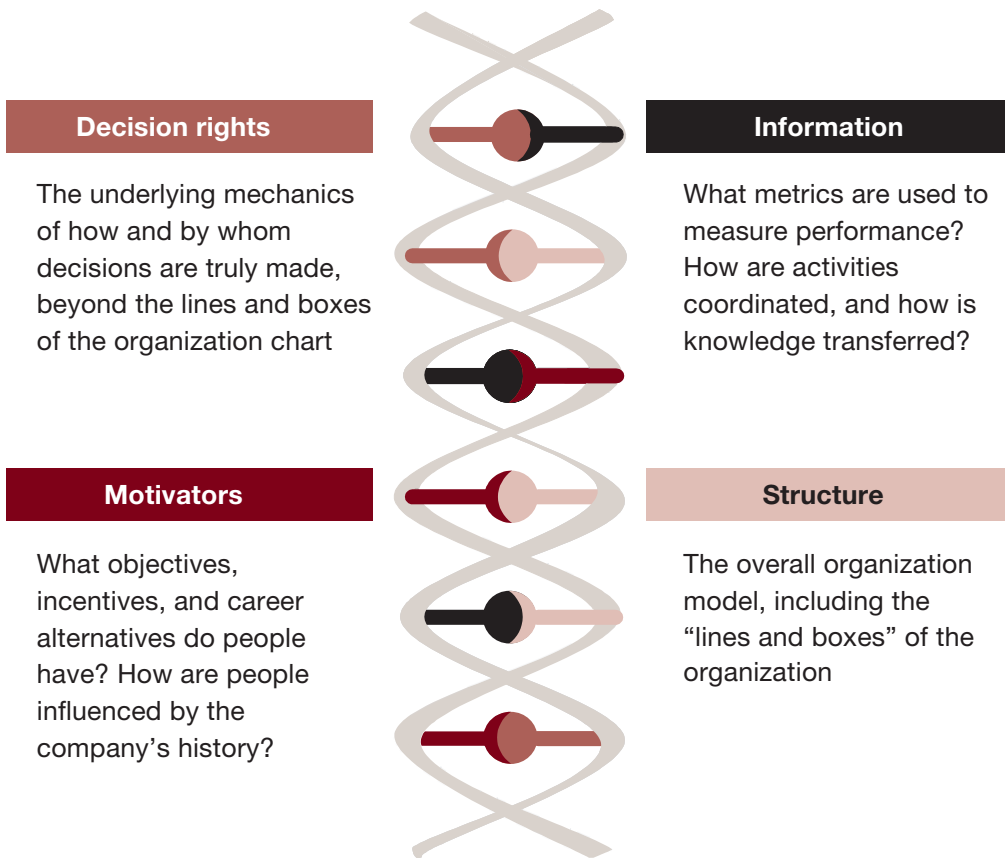
How, then, can leaders align these countless individual actions with the strategic goals of the organization? Our experience has illuminated four basic levers: decision rights, information, motivators, and structure. We refer to them as the defining elements of an organization's genetic code or DNA (*see Exhibit 1, next page*).

These "genes" and the way they uniquely combine in an organization determine how ably and agilely that organization will execute. Thus, they ensure or imperil enduring results. No gene stands alone; they are interdependent. Therefore, steps taken to modify any or all of the genes must be coherent and carefully coordinated. We have discovered, however, as our research sample has grown, that all genes are not created equal. Understanding how important each gene is in the overall mix and where the breakdowns in alignment are occurring has been the focus of our latest round of research. Armed with that intelligence, an organization can enable execution and unleash results. It can finally answer such perplexing questions as:

- Why does our org chart bear no resemblance to how work actually gets done?
- Why do the business unit heads continue to optimize their own divisions' results and not the company's, despite the corporate stock option plan?
- How is it that the office grapevine still trumps the state-of-the-art IT system we rolled out six months ago?
- Who should be held accountable for the performance shortfall in that product line/geography/functional area?

*Exhibit 1*

**The four elements of organizational DNA**



Source: Strategy&



## ***Org DNA research sample***

Our research sample comprises more than 125,000 organization surveys, of which approximately 81,000 were completed online by anonymous individuals representing more than 1,000 companies, government agencies, and not-for-profits from more than 50 countries around the world.

In addition to this general data set, we've collected and analyzed company-specific samples comprising almost 44,000 observations. Of these company-specific samples, 31 included more than 150 responses. These 31 data sets — collectively representing 26,743 observations — form the basis of the “dominant gene” analysis (although the full body of research has informed and confirmed our point of view).

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# *The dominant genes*

In December of 2003, we created a simple online assessment tool called the *Org DNA Profiler*<sup>®</sup> ([www.orgdna.com](http://www.orgdna.com)) comprising 19 binary-choice questions organized around the four organizational genes: decision rights, information, motivators, and structure.

As the database of completed organization surveys has expanded, we've been able to venture beyond overall observations on organizational effectiveness based on the public Web site data set to more nuanced, targeted findings based on large samples collected at specific organizations (see "*Org DNA Research Sample*," previous page). What is clear — based on these deeper dives — is the disproportionately heavy influence that decision rights and information have on both execution ability and execution agility. Each of these building blocks is roughly twice as "strong" as structure and motivators in their correlation with these twin pillars of organizational success (see *Exhibit 2*, next page).

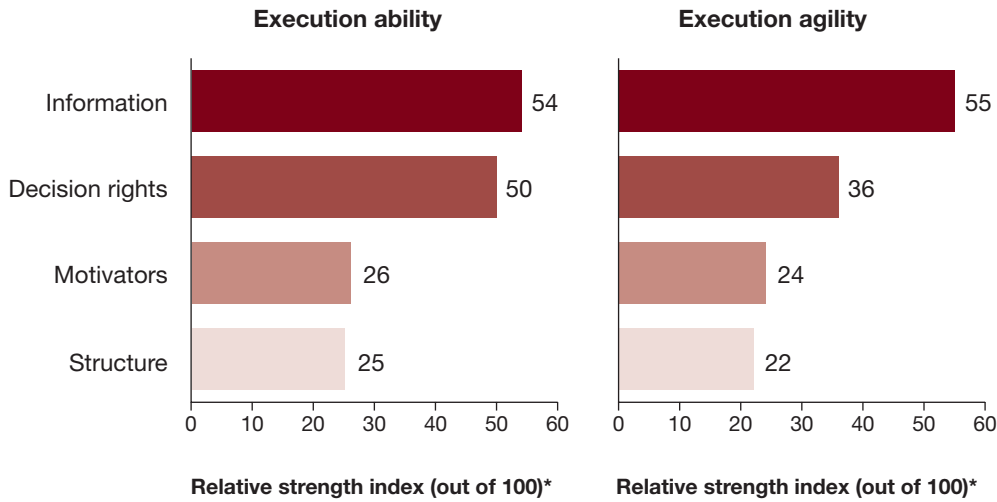
Put simply, decision rights and information are the "dominant genes" in organizational DNA. Structure and motivators are still important and influential, but they are clearly "recessive."

The irony is that structure is the first — and often only — lever most senior executives reach for when organizational performance lags. Moving the lines and boxes on an organization chart is a simple, immediate, and highly visible means of implementing change; it's just not the most effective one. In fact, our research indicates it's the least effective. Changing motivators — another relatively easy fix when organizations need a jump start — also falls flat in the absence of clear and coordinated decision rights and information flows. Organizations cannot ignore the dominant genes if they hope to improve execution in any meaningful way.

By running data regressions on individual questions on the *Org DNA Profiler*<sup>®</sup>, we can identify which specific organizational attributes or traits correlate most strongly with execution ability and agility and, hence, organizational success. The "top 10" lists that result are striking in their similarity (see *Exhibit 3*, page 12). Eight of the top 10 traits are the same. It is clear that execution ability and agility go hand in hand; they draw on the same fundamental organizational traits.

Exhibit 2

Decision rights and information are the dominant genes



\* The strength index is a measure of the frequency with which each building block is a significant explainer of organizational performance in 31 independent company-specific regressions, representing over 26,000 *Org DNA Profiler*® surveys. See "The Dominant Genes 'Strength Index,'" page 13.

Source: Strategy&

Exhibit 3

Top 10 traits of “strong execution” and “highly agile” organizations

Rank	Execution ability			Execution agility		
	Organizational trait	Strength index (out of 100)	Category reference	Organizational trait	Strength index (out of 100)	Category reference
1	Everyone has a good idea of the decisions/actions for which he or she is responsible	81	Decision rights	Important information about the competitive environment gets to headquarters quickly	97	Information
2	Important information about the competitive environment gets to headquarters quickly	68	Information	Everyone has a good idea of the decisions/actions for which he or she is responsible	71	Decision rights
3	Once made, decisions are rarely second-guessed	58	Decision rights	Conflicting messages are rarely sent to the market	68	Information
4	Information flows freely across organizational boundaries	58	Information	Line management has access to the metrics it needs to measure the key drivers of its business	45	Information
5	Field/line employees usually have the information they need to understand the bottom-line impact of their day-to-day choices	55	Information	The primary role of corporate staff here is to support the business units rather than audit them	39	Decision rights
6	Line management has access to the metrics it needs to measure the key drivers of its business	48	Information	Information flows freely across organizational boundaries	35	Information
7	Managers up the line in the hierarchy frequently “get their hands dirty” by getting involved in operating decisions	32	Decision rights	The ability to deliver on performance commitments strongly influences career advancement and compensation	32	Motivators
8	Conflicting messages are rarely sent to the market	32	Information	Field/line employees usually have the information they need to understand the bottom-line impact of their day-to-day choices	32	Information
9	The individual performance-appraisal process differentiates among high, adequate, and low performers	32	Motivators	Promotions can be lateral moves (from one position to another on the same level in the hierarchy)	29	Structure
10	The ability to deliver on performance commitments strongly influences career advancement and compensation	32	Motivators	The individual performance-appraisal process differentiates among high, adequate, and low performers	26	Motivators

Source: Strategy&

## ***The dominant genes “strength index”***

To determine which genes were “dominant,” we ran regressions on 31 separate company-specific datasets, each comprising more than 150 observations. We estimated the relationship between 17 binary variables (taken from the questions on the *Org DNA Profiler*®) and two dependent variables measuring a company’s execution ability (i.e., whether a respondent agreed with the statement: “Important strategic and operational decisions are quickly

translated into action”) and execution agility (i.e., whether a respondent agreed with the statement: “Overall, this firm deals successfully with discontinuous change in the competitive environment“). The relative strength index referred to in Exhibits 2 and 3 measures the number of estimations in which each variable was significant with the same sign. The coefficients are significant within a 90 percent confidence interval.

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# *The top two traits of winning organizations*

For the purpose of understanding just how significant these traits are, we've divided our broader general research database<sup>1</sup> into “strong execution” organizations — those in which individuals believe that their organization quickly converts important strategic and operational decisions into action — and “weak execution” organizations. Further, we've broken out “high agility” organizations — those in which individuals believe that their organization deals successfully with discontinuous change in its environment — from “low agility” organizations.

Interestingly, nearly three in five (58 percent) respondents do not think highly of their organization's execution ability, and nearly half (47 percent) dismiss their organization's agility (*see Exhibit 4, next page*). Clearly, there is significant room for improvement on both fronts. In charting a course of remedial action, it makes sense to focus on the organizational traits that offer the highest leverage.

The top two traits on both the execution ability and execution agility lists are:

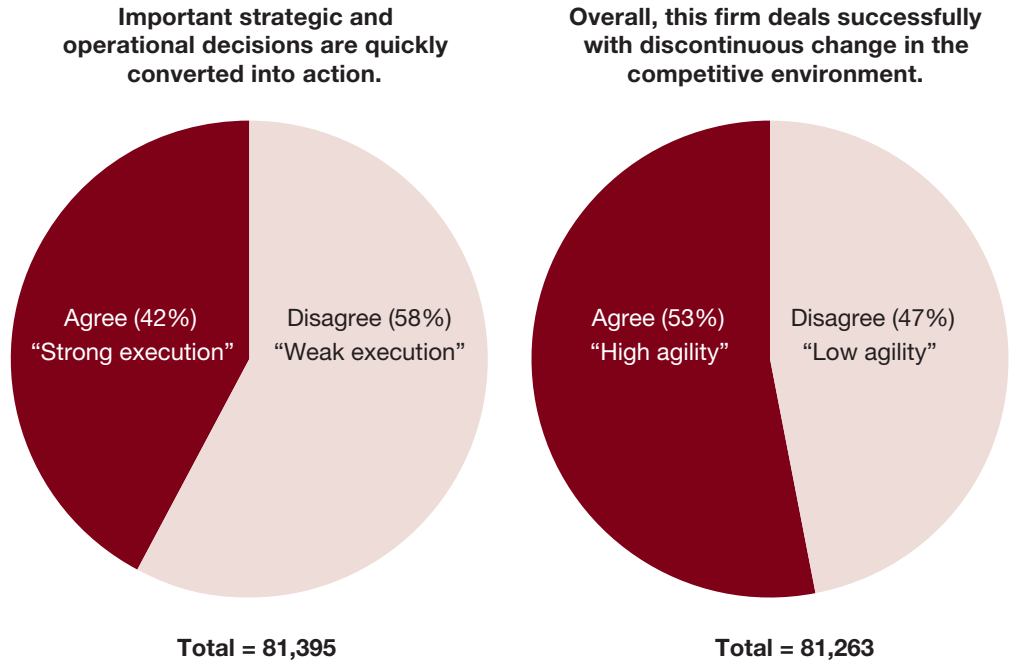
1. *Decision clarity*: Everyone has a good idea of the decisions/actions for which he or she is responsible; and
2. *Headquarters intelligence*: Important information about the competitive environment gets to headquarters quickly.

**1. *Decision clarity***: *Everyone has a good idea of the decisions/actions for which he or she is responsible.*

In “strong execution” organizations, individuals agree with this statement 71 percent of the time. That figure drops to 32 percent in “weak execution” organizations. Individuals in “high agility” organizations agree with this statement 65 percent of the time, versus 30 percent in “low agility” organizations (*see Exhibit 5, page 16*).

Exhibit 4

Many organizations perceive themselves as “weak execution” and “low agility”



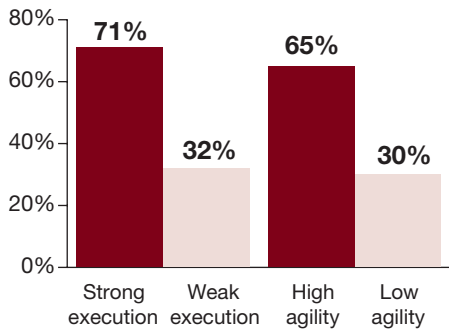
Source: *Org DNA Profiler*<sup>®</sup>  
data collected from  
[www.orgdna.com](http://www.orgdna.com);  
Strategy&

Exhibit 5

**Decision clarity and headquarters intelligence are the top two traits of winning organizations**

**Decision clarity**

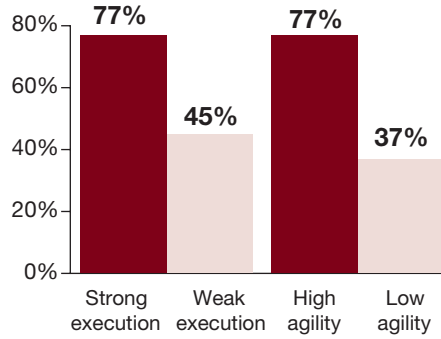
Agree that “Everyone has a good idea of the decisions/actions for which he or she is responsible”



Note: The total number of observations for Execution Ability is 81,202; for Agility, the total number of observations is 81,706.

**Headquarters intelligence**

Agree that “Important information about our competitive environment gets to headquarters quickly”



Note: The total number of observations for Execution Ability is 81,261; for Agility, the total number of observations is 81,152.

Source: *Org DNA Profiler*® data collected from [www.orgdna.com](http://www.orgdna.com); Strategy&



As we noted earlier, organizations are essentially a collection of individuals, and execution is the sum total of the decisions and actions taken by these individuals. Therefore, it follows that they all should know the decisions and actions for which they are responsible if the organization is to execute well and succeed. A glance at what happens when decision rights are not clear underlines how critical this trait is. When people do not understand where their decision-making authority begins and ends, they revisit decisions, duplicate work, and avoid taking ownership — all of which paralyze execution.

This problem can become particularly thorny in multi-axial, matrixed organizations. Consumer products companies are a good example: Many are organized around product, geography, and functional axes. If decision rights are not clearly delineated, especially at the intersections, key decisions become mired in ambiguity. For instance, who prevails in the decision to customize a product to local tastes — the global brand manager or the regional market leader? Which axis should carry the “biggest stick” in these discussions? Should that change according to the circumstances?

Highly successful companies have anticipated these issues by building robust frameworks for assigning clear decision rights in cross-divisional matters. These frameworks speed resolution of important resource allocation priorities while accommodating an appropriate degree of managerial flexibility.

**2. Headquarters intelligence:** *Important information about the competitive environment gets to headquarters quickly.*

“Strong execution” respondents agree with this statement 77 percent of the time, as compared to 45 percent of the time among “weak execution” respondents. The “high/low agility” split is 77/37 (see Exhibit 5, previous page).

When headquarters is quickly apprised of accurate and timely market intelligence, it can play a powerful role in identifying patterns and promulgating best practices across business segments and geographic regions. In the absence of such up-to-date and unvarnished intelligence, the corporate center tends to follow its own instincts, which may run contrary to those of operations that are much closer to the customer.

Senior executives who are not “in the know” when it comes to competitive developments focus instead on the internal workings of the organization. They begin to overanalyze issues and second-guess decisions made at lower levels, thus hampering the company’s agility in responding to fast-moving market opportunities and threats.

Improving information flow is not just a matter of rolling out a new IT system; it's a more complex endeavor. It's not just how data gets to headquarters that is material, but what data gets there and how it is framed. Often, competitive realities have been whitewashed by the time they are revealed to the executive suite.

Some winning companies create an independent "market sensing" function that does nothing but collect and track feedback from the market. The process of identifying and capturing important types of competitive data is formalized, and information is quickly sent up through the ranks so strategy-setters get an early read on market trends.

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# ***Rounding out the top five***

The third, fourth, and fifth most important traits that contribute to execution ability and execution agility, respectively, are as follows.

## ***Execution ability (see Exhibit 6, next page):***

**3. Courage of convictions:** *Once made, decisions are rarely second-guessed.*

Second-guessing is a sign of weak leadership. Decisions should be made once, and they should stick. When senior managers allow decisions to be revisited, they weaken the resolve and the morale of those below originally tasked with making the decision. On the other hand, when a leadership team stands behind a decision made at a lower level, it communicates an equally powerful and positive message that cascades throughout the organization.

The perceived level of second-guessing among “weak execution” organizations is 71 percent, versus 44 percent among “strong execution” firms.

Minimizing second-guessing is a matter of clarifying decision rights and then honoring them. If people know what they are accountable for and that their superiors will not undermine their decisions, they will exhibit more initiative in advancing the organization’s strategy.

**4. Horizontal information flow:** *Information flows freely across organizational boundaries.*

The information flows across a distributed organization are as critical as those flowing up to headquarters and out to the field. In the absence of horizontal information exchange, organizations behave as a series of silos; each silo suboptimizes its own performance and that of the larger enterprise as it forfeits the benefit of economies of scale and best-practices transfer. Moreover, the organization, as a whole, loses the

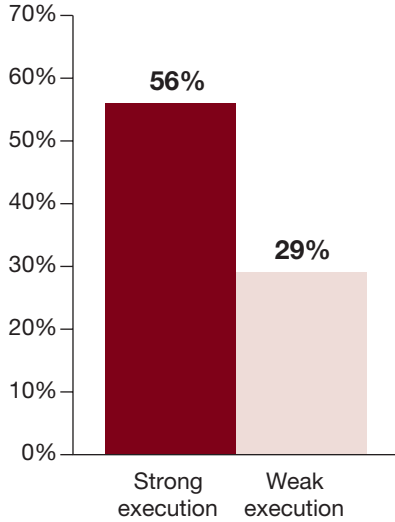
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Exhibit 6

Traits that contribute strongly to execution ability

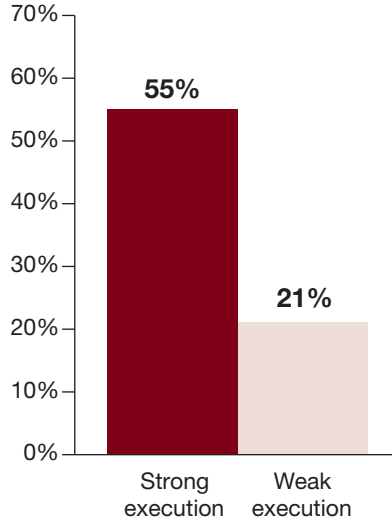
**Courage of convictions**

Agree that “Once made, decisions are rarely second-guessed”



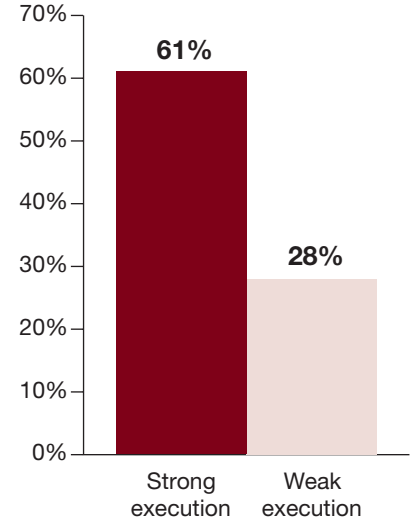
**Horizontal information flow**

Agree that “Information flows freely across organizational boundaries”



**Armed with information**

Agree that “Field/line employees usually have the information they need to understand the bottom-line impact of their day-to-day choices”



Source: *Org DNA Profiler*<sup>®</sup>  
data collected from  
[www.orgdna.com](http://www.orgdna.com);  
Strategy&

opportunity to develop a cadre of up-and-coming managers well-versed in all aspects of a company's operations.

Only one in five (21 percent) "weak execution" companies report that information flows freely across organizational boundaries, as compared to a little more than half (55 percent) of "strong execution" firms. Clearly, information flows are far from perfect at even the most able organizations.

Many people pick up this problem as an IT systems issue, when, in fact, the human element of information flow is far more important. Technology can facilitate information sharing, but it's in the substantively rich managerial conversations that technology enables where information truly flows. Managers can have constructive conversations about the well-being of the enterprise if they are all in possession of full and accurate information. For example, a customer service representative equipped with updated information on product development plans can make appropriate commitments to customers without overpromising.

**5. Armed with information:** *Field/line employees usually have the information they need to understand the bottom-line impact of their day-to-day choices.*

Employees need enough information to make appropriate trade-offs on a daily basis. All too many do not feel they get it. Only 28 percent of individuals in "weak execution" organizations feel they have the information they need. That ratio rises to roughly three in five (61 percent) at "strong execution" companies.

With only limited information, individuals often make the wrong choices for the enterprise as a whole. They optimize their own unit's outcome, rather than that of the overall organization. We have seen organizations in which each business unit pursued a separate vision, none of which coincided with the best interests of the company. This was not the result of bad intentions, only insufficient information.

In one such case, the business units did not have a firm sense of the organization's priorities, nor did they have enough information to make the appropriate trade-offs in light of these priorities. To fill these gaps, the company started at the top by redefining its vision and then communicating that vision throughout the organization layer by layer, ensuring that each division's own strategy was in alignment. Enterprise goals were translated into tangible objectives and clearly defined metrics that managers and employees could use in making decisions.

## **Execution agility (see Exhibit 7, next page):**

### **3. One voice:** *Conflicting messages are rarely sent to the market.*

One of the hallmarks of agile companies is their strong, thorough, and immediate communications — both internal and external. During times of transition, even upset, they know how to share the right information consistently with all interested stakeholders. Not surprisingly, 68 percent of “high agility” organizations report that they “rarely send conflicting messages to the marketplace.” This figure compares with 38 percent at “low agility” companies.

In siloed or matrixed organizations, this unified organizational voice can be difficult to achieve. Short of centralizing the marketing and communications functions, these organizations can take a number of simpler steps to keep everyone marching in unison. Synchronized corporate calendars for setting objectives across business units, management meetings, performance reviews, and other coordinating events not only reinforce personal accountability, they prevent mixed signals from reaching the marketplace.

### **4. Frontline metrics:** *Line management has access to the metrics they need to measure the key drivers of their business.*

Truly agile organizations understand that effective metrics are a matter of quality, not quantity. Line managers do not need — nor should they be inundated with — a deluge of data. All they require are a few key metrics that provide an accurate snapshot of performance, with enough insight to invite further investigation, where and when necessary.

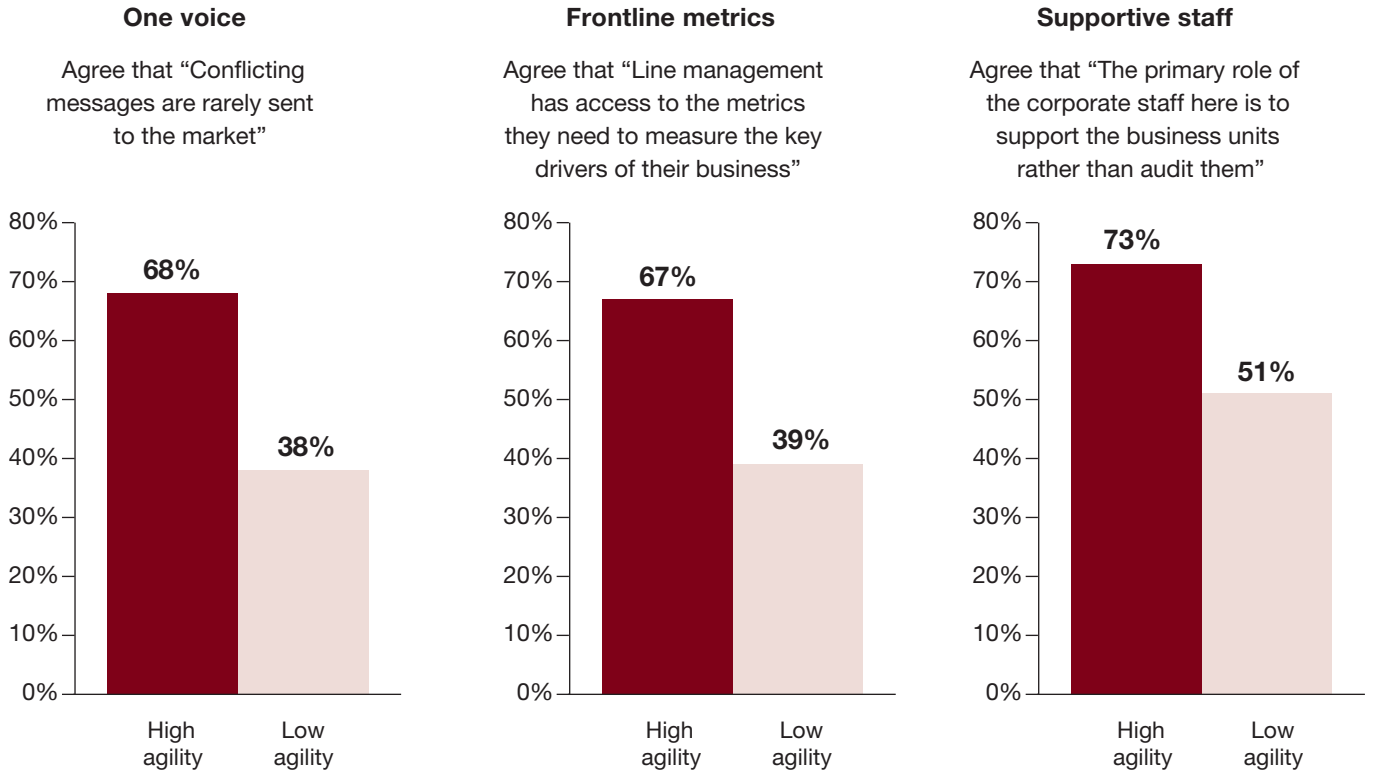
As with most important organizational traits, far better performance is reported at “high agility” companies. Two of every three (67 percent) “agile” respondents agree that line management has the metrics it needs to measure the key drivers of its business. Only 39 percent feel this way at “low agility” organizations.

An example may help illuminate what winning companies do to ensure line management has the metrics it needs. A high-performing health plan identified membership growth as its overarching strategic objective. As this goal cascaded down the organization, it was translated at each level into a set of objectives and operating plans. Division managers developed growth targets by customer segment (e.g., individuals, retirees, and businesses). Branch managers translated these targets into service rate guarantees, which were then converted into individual sales and call abandon rate targets.

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Exhibit 7

Traits that contribute strongly to execution agility



Source: *Org DNA Profiler*<sup>®</sup>  
data collected from  
[www.orgdna.com](http://www.orgdna.com);  
Strategy&

**5. Supportive staff:** *The primary role of the corporate staff here is to support the business units rather than audit them.*

When the corporate functions focus on helping business units fulfill their objectives rather than auditing their performance against objectives, these businesses are better equipped to deal with unexpected external changes. Business units that feel audited by the corporate center are more inwardly focused on compliance rather than outwardly focused on competitive performance.

Nearly three quarters (73 percent) of respondents in “high agility” organizations agree that corporate exists to support the business units. Only half (51 percent) of “low agility” respondents feel this way.



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# ***General findings on organizational DNA***

The “dominant genes” findings discussed above were based on 26,000-plus profiles generated on client-specific sites set up to facilitate work with our corporate, government, and not-for-profit organizations. In these cases, we set up a customized, password-protected *Org DNA Profiler*® for each client to collect and analyze employee input on their organization’s decision rights, information flows, motivators, and structure. These “deep dive” datasets have provided us with a slightly different perspective on how and why individual companies behave as they do, and allow clients to pinpoint the root causes of organizational breakdowns so they can fix them.

We have also, however, amassed tens of thousands of responses in our database. We launched the *Org DNA Profiler*® on our website, [www.orgdna.com](http://www.orgdna.com), in December 2003, and, to date, more than 81,000 individuals have visited the site and completed the Survey (see “*Org DNA Research Sample*,” page 9). It is based on this dataset that we can assert the following:

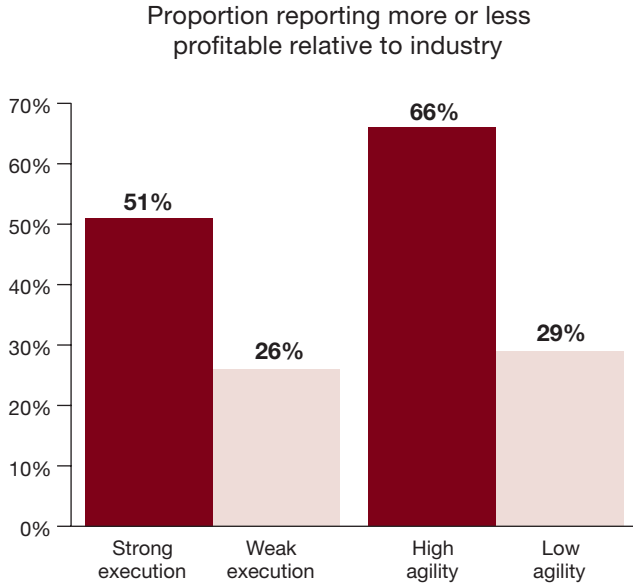
## ***“Able” and “agile” organizations report superior profitability and growth***

Not surprisingly, “able” and “agile” organizations are twice as likely as their peers to report better-than-industry-average profitability.<sup>2</sup> Specifically, 51 percent of respondents who describe their organization as “strong execution” report better-than-average profitability versus 26 percent of those who describe their organizations as “weak execution.” Two-thirds (66 percent) of self-described “high agility” companies report superior profitability, versus less than a third (29 percent) of “low agility” respondents (see *Exhibit 8, next page*).

Although preliminary, a similar pattern is emerging with regard to growth. While based on significantly fewer observations — as we only recently added a question on relative growth rate to the *Org DNA Profiler*® — it seems that, again, “strong execution” and “high agility” organizations are more than twice as likely to report above-average growth.

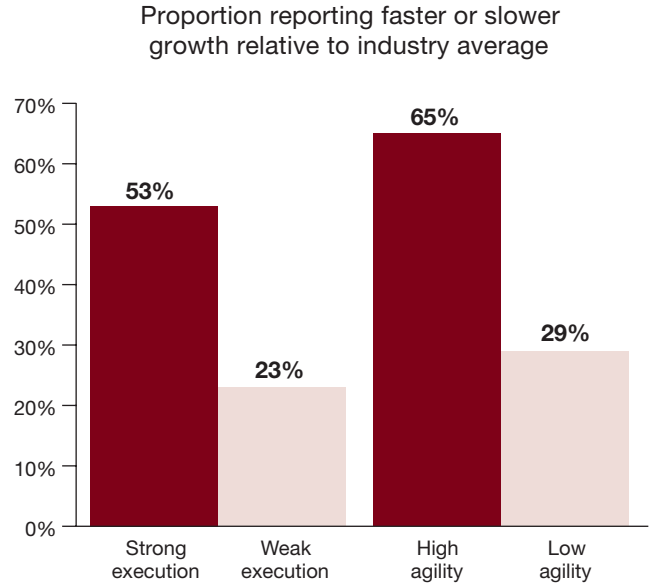
Exhibit 8

Execution ability and agility correlate with superior profitability and growth



Note: The total number of observations is roughly 28,000.

More profitable  
Less profitable



Notes: A question about growth rate was added to the Org DNA profiler only much later, significantly reducing the total number of relevant observations. The total number of observations for execution ability is 1,713; for agility is 1,711.

Faster than average  
Slower than average

Source: Org DNA Profiler®  
data collected from www.orgdna.com; Strategy&

## ***Altitude determines attitude***

As illustrated in *Exhibit 4, page 15*, most individuals do not describe their organizations as particularly able or agile when it comes to execution. Fifty-eight percent of respondents describe their organization as “weak execution,” and 47 percent report that their organization is “low agility.”

When we cut the data by level (i.e., senior management, middle management, business unit staff, line management, corporate staff), we discovered that individuals tend to shed their cynicism as they climb to the top of the organizational hierarchy. Our survey results indicate sharp differences in perception between upper management and lower-level groups. What is remarkable is the consistency in the outlook of all four lower-management segments, and the gulf that opens up when we incorporate senior management feedback.

More than any other group in the organization, senior executives perceive their firms as high-functioning, reporting “strong execution” and “high agility” more than half of the time (*see Exhibit 9, next page*).

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## ***The Organization Effectiveness Simulator***

To translate insight into action, we have developed an online simulation tool ([www.simulator-orgeffectiveness.com](http://www.simulator-orgeffectiveness.com)) that enables individuals to audition various five-step organizational change programs. After assessing the current state of your organization and diagnosing it as one of seven common types, you can select from among 28 specific actions that map to one or more of the organizational DNA building blocks — decision rights, information, motivators, or structure. Insights are

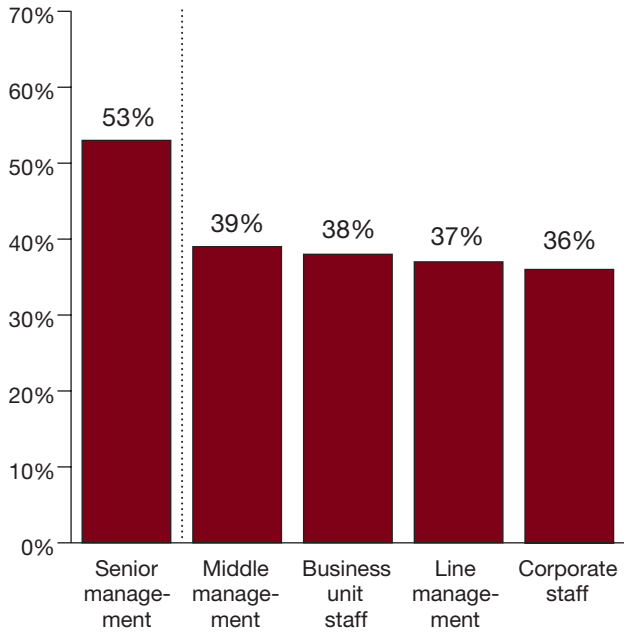
provided that elaborate on the effects of each action. Once you have selected five actions, the simulation tool instantly charts your progress in improving your execution score. You are then provided the option to select five more actions in Year 2. The Organization Effectiveness Simulator serves as a vehicle to stimulate thinking about the impact of various changes and is useful in assessing and building a targeted and effective organization-transformation program.

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Exhibit 9

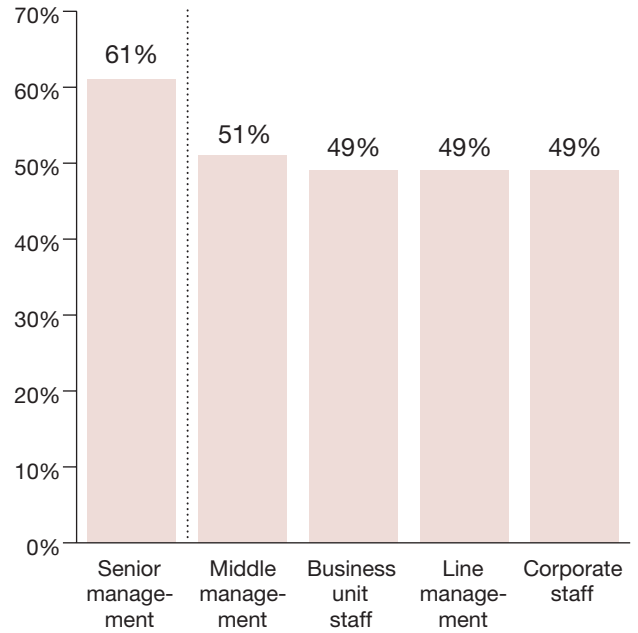
Senior management displays elevated confidence in execution ability and agility

Agree that "Important strategic and operational decisions are quickly translated into action"



Note: The total number of observations is roughly 81,233.

Agree that "Overall, this firm deals successfully with discontinuous change in the competitive environment"



Note: The total number of observations is roughly 81,364.

Source: *Org DNA Profiler*<sup>®</sup>  
data collected from [www.orgdna.com](http://www.orgdna.com); Strategy&

# *Hitting the highlights*

Organizational success is the result of superior execution ability and agility. To achieve success, managers must assemble the right program of high-leverage actions integrated across four key organizational levers: decision rights, information, motivators, and structure. Collectively, these are the defining genes of any organization's DNA.

Although each organization is unique, there are important findings that broadly apply. Most managers tend to focus on structure first, yet decision rights and information flows are actually the genes with the highest leverage in driving execution ability and agility; they are the dominant genes.

These insights can help companies chart a straighter course to performance improvement.

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# Appendix

## **Org DNA research sample**

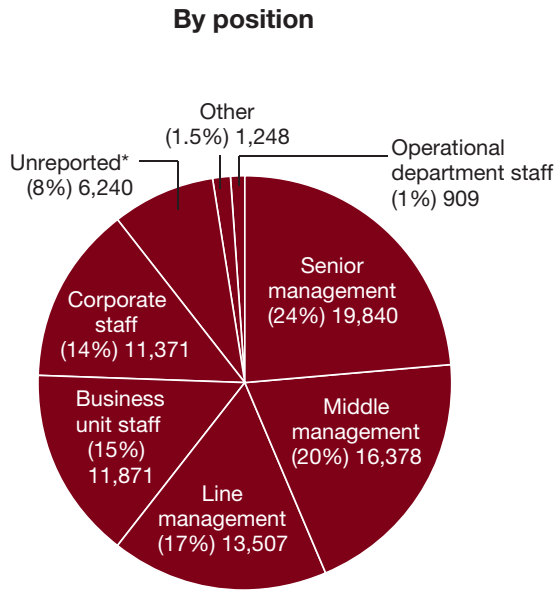
*The Org DNA Profiler*<sup>®</sup> ([www.orgdna.com](http://www.orgdna.com)) was launched in December 2003 and comprises 19 binary-choice questions organized around the four primary organizational levers or “genes”: decision rights, information, motivators, and structure. In addition to amassing valuable research data, the *Profiler*<sup>®</sup> provides an immediate benefit to individual respondents; it enables them to generate a snapshot diagnosis of their organizations and then offers them links to relevant and useful reading material on potential remedial measures and longer-term solutions.

To date, approximately 81,000 anonymous respondents from more than 1,000 organizations of all sizes in the private and public sectors have completed online surveys, and we continue to collect data as new individuals visit the site. *The Org DNA Profiler*<sup>®</sup> data set cuts a wide swath across industries, geographies, and organizations themselves (see *the OrgDNA.com respondent demographics in the Appendix*). Represented are 30 sectors — from banking to transportation to energy — and more than 30 internal departments/functions (e.g., human resources, information technology, legal). We also have data related to each respondent’s position or level within the company (e.g., top management, corporate staff), as well as his or her organization’s size in terms of annual revenues (see “*Survey Respondent Distribution*” exhibit, next page).

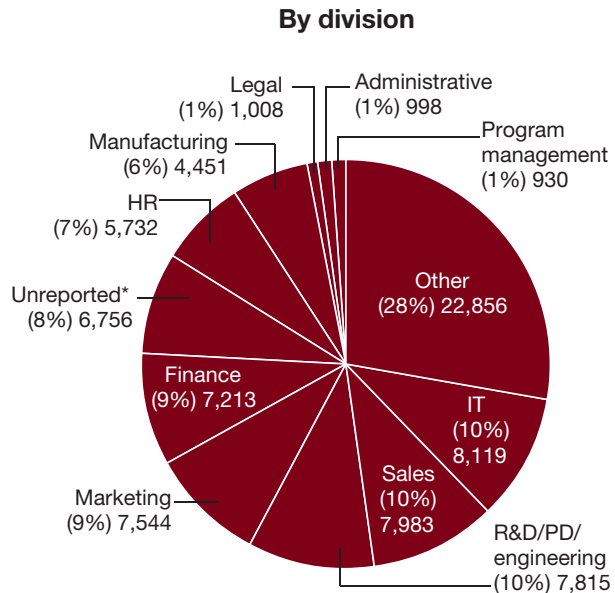
The site has been translated into 14 languages and customized to the needs of 130 specific organizations that have used the *Profiler*<sup>®</sup> as a diagnostic tool to design organizational transformation programs. Of these company-specific samples, 31 included more than 150 responses. These 31 data sets — collectively representing 26,743 observations — form the basis of the “dominant gene” analysis captured in this report.

Periodically, we publish research updates on [www.orgdna.com](http://www.orgdna.com). This particular report highlights key findings through December 2007.

Appendix Exhibit  
 Survey respondent distribution



Total sample = 81,364

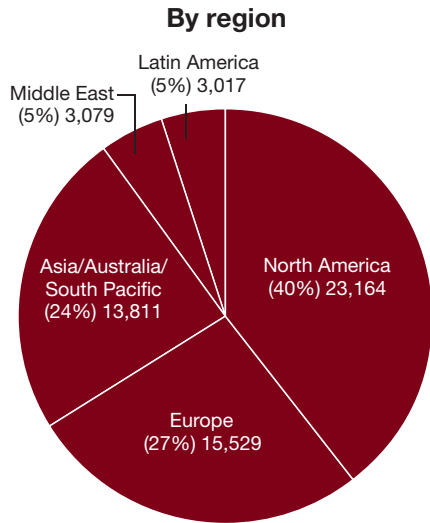


Total sample = 81,395

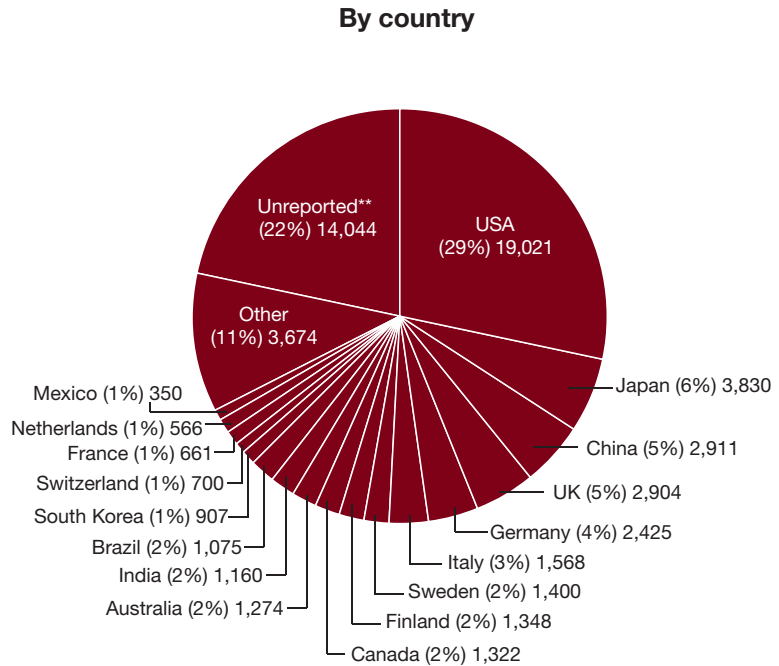
\* "Unreported" represents responses that selected "none" for Position or Division.

Source: *Org DNA Profiler*<sup>®</sup>  
 data collected from  
[www.orgdna.com](http://www.orgdna.com);  
 Strategy&

Appendix Exhibit  
 Survey respondent distribution (continued)



Total sample = 58,601\*



Total sample = 64,502\*

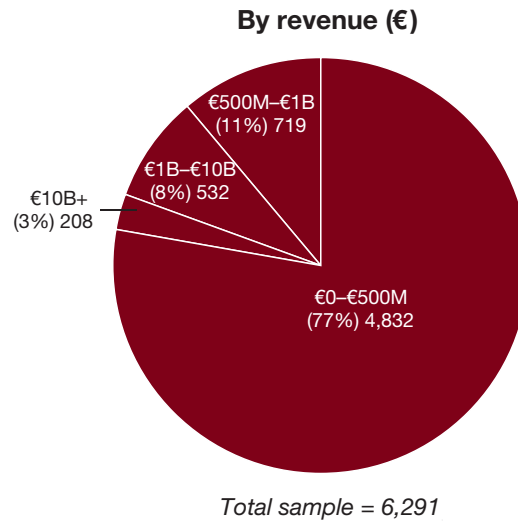
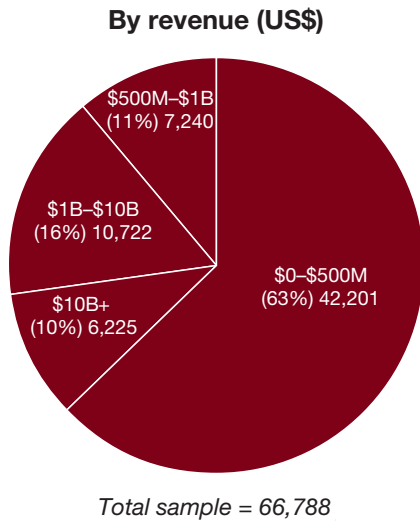
\* Observations do not total 81,395 because the Region and Country fields were added to the survey at a later point (April 2004) and because of blank responses.

\*\* Unreported represents responses that selected "none" for Country.

Source: Org DNA Profiler® data collected from www.orgdna.com; Strategy&



Appendix Exhibit  
 Survey respondent distribution (continued)



Note: From total sample of 81,395 responses, 73,079 reported in either U.S. dollars or euros; 8,316 reported in other currencies, “none,” or “unreported.”

Source: *Org DNA Profiler*® data collected from [www.orgdna.com](http://www.orgdna.com); Strategy&

Appendix Exhibit  
 Execution ability traits by industry  
 (top five and bottom five highlighted below):

	Everyone has a good idea of the decisions/actions for which he or she is responsible (percentage agree)		Important information about the competitive environment gets to headquarters quickly (percentage agree)		Once made, decisions are rarely second-guessed (percentage agree)		Information flows freely across organizational boundaries (percentage agree)		Field/line employees usually have the information they need to understand the bottom-line impact of their day-to-day choices (percentage agree)	
	Strong execution	Weak execution	Strong execution	Weak execution	Strong execution	Weak execution	Strong execution	Weak execution	Strong execution	Weak execution
Arts and culture	87%	30%	93%	51%	60%	30%	83%	30%	77%	42%
Autos and components	68%	27%	75%	45%	48%	25%	54%	20%	56%	25%
Banks	75%	38%	79%	50%	62%	31%	51%	19%	65%	30%
Capital goods	68%	32%	72%	42%	57%	29%	55%	20%	58%	25%
Commercial service and supplies	71%	31%	74%	44%	55%	29%	56%	23%	61%	30%
Consumer durables and apparel	67%	30%	75%	42%	45%	26%	57%	22%	50%	24%
Consumer packaged goods	73%	35%	79%	52%	57%	26%	53%	22%	59%	30%
Diversified financials	69%	36%	76%	49%	62%	29%	49%	19%	60%	32%
Education	77%	32%	85%	48%	59%	24%	55%	16%	76%	23%
Energy	72%	36%	76%	43%	55%	33%	50%	19%	59%	30%
Environment and animals	74%	38%	87%	68%	77%	43%	71%	25%	70%	33%
Food/beverage/tobacco	72%	38%	77%	54%	57%	33%	52%	22%	55%	28%
Health	77%	28%	89%	57%	58%	28%	58%	14%	58%	27%
Healthcare	73%	33%	79%	44%	61%	27%	57%	17%	60%	27%
Hotels/restaurants/leisure	74%	32%	78%	43%	60%	26%	56%	19%	63%	25%
Insurance	74%	36%	78%	50%	58%	31%	53%	16%	63%	32%
Materials	71%	35%	74%	47%	55%	31%	53%	22%	59%	31%
Media	72%	32%	78%	46%	58%	26%	56%	21%	63%	27%
Pharmaceuticals	77%	29%	80%	44%	51%	25%	53%	17%	61%	29%
Professional services	74%	34%	77%	42%	64%	30%	62%	24%	67%	32%
Public services	77%	36%	74%	42%	71%	36%	60%	24%	68%	32%
Public/societal benefit	76%	36%	84%	55%	62%	24%	53%	14%	76%	28%
Real estate	72%	37%	78%	47%	59%	27%	55%	28%	59%	34%
Religion	76%	39%	84%	43%	67%	24%	58%	19%	73%	29%
Retail	69%	33%	78%	51%	56%	28%	54%	21%	60%	29%
Software and services	66%	26%	73%	40%	54%	28%	56%	23%	58%	26%
Technology hardware	66%	26%	73%	39%	57%	25%	51%	19%	56%	25%
Telecommunications	64%	29%	80%	48%	51%	27%	49%	19%	56%	25%
Transportation	70%	31%	79%	47%	57%	27%	55%	16%	64%	26%
Utilities	70%	32%	70%	38%	53%	28%	51%	17%	56%	24%

Source: Strategy&

Appendix Exhibit  
 Execution ability traits by country  
 (top five and bottom five highlighted below):

	Everyone has a good idea of the decisions/actions for which he or she is responsible (percentage agree)		Important information about the competitive environment gets to headquarters quickly (percentage agree)		Once made, decisions are rarely second-guessed (percentage agree)		Information flows freely across organizational boundaries (percentage agree)		Field/line employees usually have the information they need to understand the bottom-line impact of their day-to-day choices (percentage agree)	
	Strong execution	Weak execution	Strong execution	Weak execution	Strong execution	Weak execution	Strong execution	Weak execution	Strong execution	Weak execution
Australia	76%	33%	78%	39%	60%	21%	56%	16%	60%	27%
Austria	80%	41%	79%	52%	55%	34%	54%	24%	65%	41%
Belgium	69%	28%	78%	57%	56%	34%	67%	28%	64%	31%
Brazil	73%	39%	80%	50%	49%	50%	54%	19%	60%	32%
Canada	70%	33%	78%	48%	63%	28%	56%	18%	58%	28%
Chile	76%	41%	80%	42%	48%	44%	52%	26%	76%	36%
China	65%	20%	76%	35%	44%	18%	55%	22%	47%	14%
Colombia	69%	37%	72%	39%	42%	39%	57%	27%	54%	24%
Finland	64%	23%	78%	48%	53%	42%	43%	16%	61%	32%
France	69%	28%	84%	54%	54%	25%	61%	29%	62%	26%
Germany	75%	34%	77%	51%	61%	27%	53%	21%	70%	31%
Hong Kong	60%	27%	67%	40%	53%	27%	57%	28%	52%	27%
Indonesia	72%	35%	78%	35%	43%	20%	67%	25%	66%	25%
Ireland	85%	44%	79%	38%	52%	13%	52%	11%	61%	21%
Italy	67%	18%	77%	46%	56%	28%	62%	28%	50%	22%
Japan	38%	13%	51%	19%	40%	27%	41%	16%	35%	19%
Latvia	83%	48%	91%	61%	54%	44%	53%	34%	68%	38%
Malaysia	68%	23%	74%	31%	43%	19%	37%	18%	53%	16%
Mexico	80%	41%	73%	49%	41%	41%	63%	28%	63%	26%
Netherlands	75%	41%	72%	46%	58%	24%	58%	27%	66%	37%
New Zealand	86%	32%	82%	49%	58%	31%	49%	15%	69%	29%
Philippines	80%	30%	86%	52%	65%	24%	66%	28%	68%	22%
Poland	71%	40%	87%	54%	53%	44%	64%	31%	72%	42%
Portugal	58%	41%	70%	55%	48%	39%	52%	29%	54%	30%
Russia	81%	36%	80%	49%	57%	30%	67%	33%	74%	30%
Saudi Arabia	77%	41%	67%	38%	46%	36%	70%	27%	70%	25%
Singapore	75%	32%	74%	44%	61%	24%	47%	23%	57%	38%
South Africa	83%	42%	82%	48%	72%	31%	57%	26%	61%	29%
South Korea	56%	25%	71%	40%	30%	10%	41%	17%	50%	25%
Spain	80%	36%	81%	43%	56%	45%	58%	20%	68%	27%
Sweden	64%	24%	84%	55%	61%	31%	57%	24%	70%	32%
Switzerland	80%	39%	84%	56%	58%	24%	59%	29%	77%	45%
Taiwan	64%	27%	75%	43%	51%	27%	70%	20%	57%	25%
Thailand	57%	17%	68%	23%	46%	28%	43%	26%	57%	17%
Turkey	85%	54%	77%	45%	42%	29%	66%	51%	72%	45%
U.A. Emirates	74%	34%	75%	31%	54%	30%	58%	26%	63%	26%
USA	76%	34%	81%	49%	66%	27%	55%	18%	64%	29%
UK	78%	36%	77%	46%	57%	24%	52%	16%	61%	29%

Source: Strategy&

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## Endnotes

<sup>1</sup> Refers to the more than 81,000 responses collected on [www.orgdna.com](http://www.orgdna.com); see “Org DNA Research Sample,” page 9.

<sup>2</sup> After the *Org DNA Profiler*<sup>®</sup> had been online for a few months, we added a question asking respondents to indicate whether their companies were “more profitable” than their industry’s average, “less profitable,” “about the same,” or “unknown/inapplicable.” This data enables us to show that execution ability and agility, as we have defined them, do correlate with self-reported financial success.

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