

## Organizational Diagnostic “Molecular” Model

A JOURNAL OF STRATEGY & BUSINESS TRANSFORMATION

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### Introduction

The Organizational Diagnostics Molecular model is designed to be an effective diagnostic tool for organizational innovation practitioners. The model captures the key elements that make up Innovative organizations and uncovers their interactions and influences on each other. Developing a key understanding of these elements will allow a practitioner to analyze any organization and develop an approach for organizational change that will move that organization towards constant, self-sustaining innovation. While this model was originally conceived for use specifically in the context of organizational innovation, it has application in a very broad spectrum of Organizational Development contexts and issues.

### Model Conception

Between January of 1998 and April of 1999, fifteen professionals from across the U.S., as well as from Canada and the U.K., came together to form the second class of the Innovation University Best Practices Fellowship. During five sessions, each in a different city, the team visited or heard presentations from roughly 20 of the most innovative organizations in the world including but not limited to Dell Computer, GSD&M, Nortel, Manco, Roberts Express, and Cirque du Soleil. Perhaps the most striking lesson we learned was just how much these disparate organizations had in common. Virtually every one of the organizations we visited displayed nine shared characteristics:

- Strong, clearly expressed shared values
- An appreciation of/for the whole individual and everything they bring to the organization
- Cultures that encourage openness and playfulness
- Celebrate successes constantly
- A strong, clearly communicated sense of history
- Intense customer focus
- Clear focus on trends, even those that do not seem to directly effect current businesses
- Cross functional teams

The conception of the molecular model was based on these observations and is an attempt of the team to distill the key learning in the form of a tool that would have broad applicability towards diagnosing and solv-

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ing complex organizational issues.

### Building the Organizational Diagnostic Model – One step at a time

The first step towards developing the model was to identify the key elements of an innovative organization. The team identified these elements to be those of Mission, Values and Culture.

- **Mission** - The underlying purpose of the organization, toward which all activities are ultimately directed.
- **Values** – The underlying principles that are commonly subscribed to & are employed (or not employed) to fulfill the mission.
- **Culture** - The mores & norms, both implicit & explicit, that define all levels of behavior within an organization.

Given the strong influence each of these elements have on each other and virtually every other aspect of an organization, we decided to place them in the center of our model and view them as the “nucleus” of our molecule.

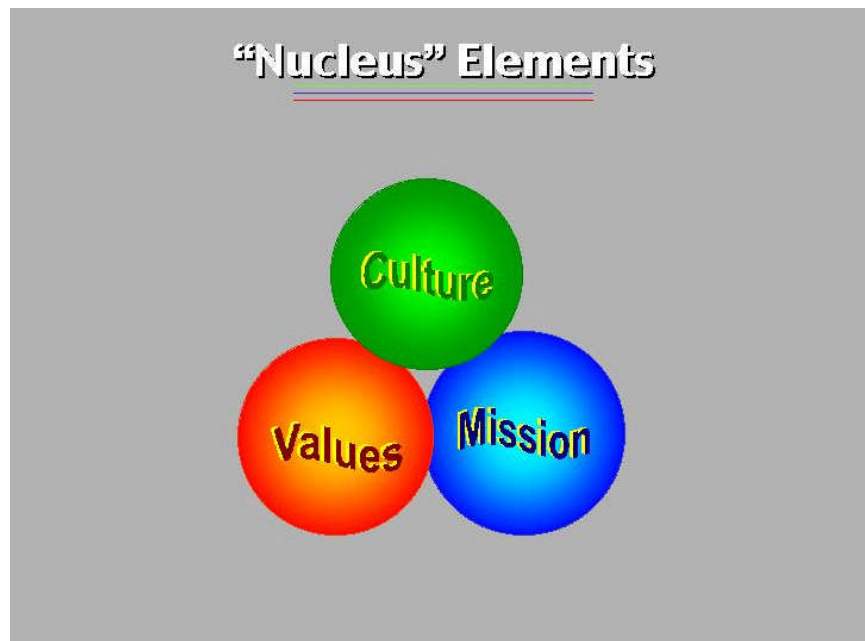


Figure 1: “Nucleus” Elements

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Our next step was to identify additional elements that play critical roles in an organization and the nucleus element that influences them most heavily. We identified these to be those of Systems, Structure, Strategy, Environment and Management style.

- **Systems** - The infrastructure, including workflows, methodologies, and technologies that support the structure.
- **Structure** - The network of formal & informal relationships, including lines of communication & authority, etc., that allow an organization to function.
- **Strategy** - The tactics and methods used to achieve the mission.
- **Environment** – The physical surroundings, including facilities, workspaces, and meeting areas
- **Management Style** - Management’s manner of relating to the organization, its employees and its mission amongst other things.

In our experience, Systems and Structure were most strongly influenced by Mission, Strategy was most strongly influenced by Values and Environment and Management style most strongly influenced by Culture. We represented these five additional elements in our model as orbiting their primary influencing nuclear elements.

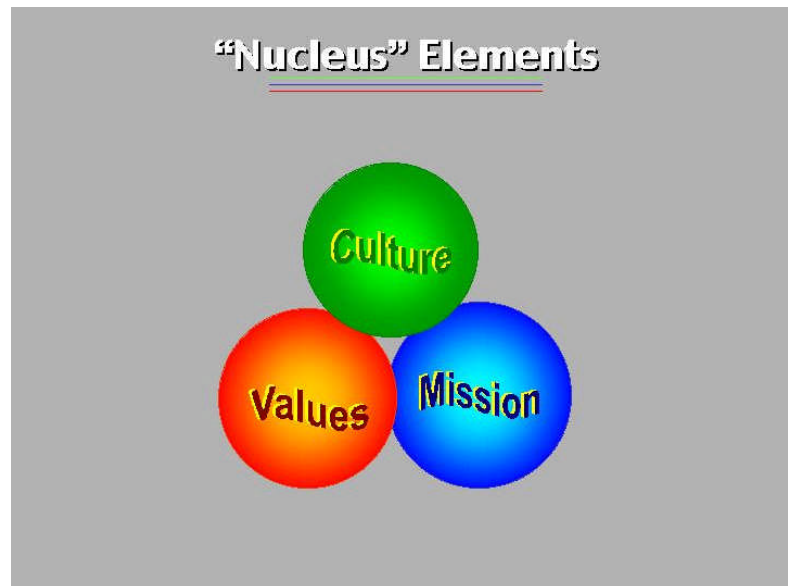


Figure 2: “Orbital” Elements

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Lets analyze each of these elements in detail.

### *Systems*

The organizations we visited were living examples of innovative systems at work. When American Greetings decided to develop a line of topical cards, they realized that their usual product development system, which operates on an 18 to 20 month cycle, would simply not work. The new product development system cut that time down to approximately 6 – 8 weeks . The YMCA of Metropolitan Chicago has developed 1, 2, and 3 day Imagineering Institutes as part of a methodology for generating ideas for new products and services and developing creative solutions to operational problems. These are marketed both internally and externally to other non-profits and small to medium companies. Dell University offers another example of innovative systems at work through the use of the company’s intranet to develop and foster a new learning model.

### *Structure*

There has been considerable discussion over the past several years about “flattening” organizational structures. Over the course of the site visits and panel presentations of the Innovation University program, we realized that the organizational structures at truly best of the breed companies at innovation were analogous to the quantum physics model of an atom. The organization’s leadership would form the nucleus of the atom, with the rest of the organization in a constant state of flux around them, much like the atom’s electron shells, constantly changing orbits, and energy states. Individuals would constantly move around and redistribute themselves along new elements and team as tasks change and teams formed around new projects.

### *Strategy*

We saw many examples of brilliant strategy at work within the companies we visited including American Greetings’ efforts to migrate at least a portion of its business to the Internet, Manco’s trademarking of the Duck for its duct tape products and Roberts Express’ emphasis on customer service.

### *Environment*

Environment to a large extent is influenced by Culture and could be said to be a component of culture. However, we decided to treat Environment as a discrete element of our Molecular model to reflect the critical role it plays in an organization’s culture. During our site visits, we observed many examples of environments that foster innovation. Again, GSD&M topped the list. Their “Idea City” headquarters utilized bright colors and cutting edge graphics/decor. There were numerous, informal meeting areas scattered throughout the building, each with a different motif. These spaces encouraged spontaneous interaction among staff. There were whimsical sculptures and even a section painted by graffiti artists. Each major client had its own, dedicated

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space, decorated to reflect that particular client. The Southwest Airlines section, for example, included an actual airport gate and a row of airplane seats.

At American Greetings, all the employees are encouraged to decorate their cubicles with examples of their work, whether product related or personal. There were also highly visible displays throughout the facility highlighting the company's history and origins.

Nortel's Corporate Design Group had a workspace, which was organized by teams, with extraordinary shared team workspaces. eLab has open loft-style offices which include a “Napatorium”, a “Leave-Me-Along” room, and a full wall where teams display the status of their projects, open for comment and feedback from other staff.

We found the headquarters of Cirque du Soleil to be as unique as those of GSD&M. It had been designed so that the training and rehearsal spaces were along the exterior of the building with all the infrastructure and support functions housed in the interior. All interior spaces had windows looking out into the coaching and rehearsal areas, so that all staff, regardless of their function, could look up from their work and see the end result of their efforts.

### *Management Style*

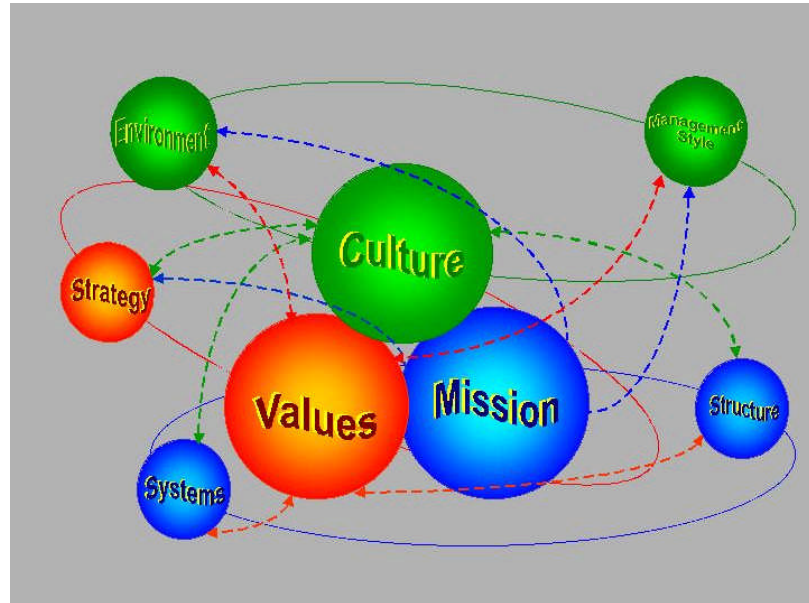
We decided to treat Management Style as a separate element for reasons similar to those that made us choose to treat Environment as a element in its own right, separate from culture. Open management styles demonstrating high levels of communication and information access were quite common in the organizations we visited.

The next step in the development of the molecular model was to capture the nature of interactions between the orbiting elements and the nuclear ones. We chose to depict both the relative strength and the direction of the influence through the use of arrows.

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For example, the reader will see that “Mission” heavily influences several of the “orbital” elements, however it is rare that these elements will return that influence. Thus, arrows illustrating the influences exerted by “Mission” are, of course, blue, and are uni-directional. Bi-directional arrows show that the influence travels in both directions. The color of the arrow indicates which direction the influence is strongest. Thus, a red, bi-directional arrow between “Systems” and “Values” indicates that while both elements influence each other, “Values” is a stronger influence on “Systems” than vice-versa.

Let’s explore each of these interactions in detail. Both Values and Culture influence Systems and Structure, and vice versa. However, in both cases, the influence is stronger from Values and Culture, hence the arrows are color coded accordingly. While Mission influences Strategy, strategy does not influence Mission - thus the unidirectional arrow. Culture influences and is influenced by Strategy, but, again, the influence is stronger from the nucleus element.

Both Strategy and Mission have reciprocal relationships with Values. In a healthy, innovative organization, Values should shape both elements, and, in return can be influenced by them. Mission should be strongly reflected by both Environment and Management Style, but if Mission is properly developed, it will not be influenced by either of these elements.

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### Application of the Model for Organizational Diagnostics

This section uses the model to analyze an organization and suggest ways to improve its innovation coefficient.

Background: This organization has a strong, well defined mission. It's structure is rather unique balancing centralized standards and controls with a substantial amount of local autonomy. As a not-for-profit, its systems are relatively archaic, but the organization is in the process of upgrading its systems as limited resources permit.

The organization's values are strong, although they could be more explicit than implicit. It's strategy is solid, and has made extraordinary strides toward achieving its mission.

This organization's culture is very poor. It does not support or seemingly value its employees' skills or individuality. Employee recognition is minimal. There is little or no celebration of successes. While this organization has a very rich history, much of that history has been lost, due to extremely high staff turnover.

There are no “organizational stories” to strengthen commitment to the mission and values.

The environment is inconsistent across the organization, but is not conducive anywhere to developing innovation or individual potential. This is largely due to lack of resources.

While the organization's leader is a true visionary, its management style is highly controlling and generally extremely poor. This is not likely to change.

Given this analysis, the model clearly shows that the area where an intervention would be most effective would be Culture. Although there are obviously several elements that need work, based on the resource and other constraints within this organization, focusing on changing the organizational culture would have the greatest impact, ultimately affecting 6 of the 8 elements of the organization.

A typical organizational change effort would begin by developing a set of teaching stories in conjunction with an intensive new employee orientation process. Next step would be development of systems for disseminating and openly celebrating successes, followed by creation of an environment that truly appreciates the whole person and all she/he can bring to an organization. Lastly, mechanisms would be developed for encouraging cross-functional/multi-disciplinary teams.

If successful, these efforts would then radiate outward, affecting the remaining elements of the organizational model in positive ways that would ultimately create a far healthier organization that fosters ongoing, self-sustaining innovation.

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### Conclusion

The organizational diagnostic molecular model is a useful diagnostic tool that innovation consultants can arm themselves with as they tackle complex people and organizational malaise issues at their workplace. The model is a step by step approach towards peeling the layers towards getting to the root of the problem and can be very effective in bringing about rapid change within organizations.

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