



Diagnosing the Eight Organizational Dysfunctions

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Unless you are a trained therapist, you've probably never heard of the DSM-5—the Diagnostic and Statistical Manual of Mental Disorders, Fifth Edition. It is the 2013 update to the American Psychiatric Association's classification and diagnostic tool for mental disorders. In the United States, the DSM serves as the primary authority for psychiatric diagnosis. It is used frequently as studies find that 50 percent of adults have a diagnosable mental disorder at some point in their lifetime as referenced in the manual.

Based on my experience in helping organizations improve their performance, I believe there should be a similar DSM for “Organizational Disorders.” At least 50 percent of organizations also suffer from some type of diagnosable disorder. Larger organizations, for example, are often plagued by politics and bureaucracy. Many organizations are beset by inefficiency or the inability to focus resources on value-adding activity. Some suffer from bad strategy or outdated methods. Maybe it would help these organizations if they could refer to a diagnostic manual with suggested evaluation criteria for organizational dysfunctions like the ones that exist for mental dysfunctions.

As with the DSM of Mental Disorders, the DSM of Organizational Disorders would need agreed upon evaluation criteria for it to be a widely adopted resource. Ideally the criteria would be objective so that accurate comparisons across organizations could be made. An overall “organizational dysfunction index” could then be calculated so that organizations could compare their levels of functionality as they do their levels of employee engagement. Investors, leaders, and employees could then talk objectively about their improvement opportunities.

If understanding your organizational dysfunction interests you, listed below are the eight organizational dysfunctions I encounter most often. To calculate your level of dysfunction, rate each on a scale of 0-100 percent in terms of how much improvement is available. For example, if your organization suffers from the dysfunction of “Bad Strategy and Planning” and could improve overall performance by 5% if you eliminated bad strategy and planning, then rate yourself 5% for that dysfunction. Once you have estimated the overall improvement potential for each dysfunction, add them up to calculate your overall dysfunction and the opportunity for improvement that potentially exists.

Here are the eight organizational dysfunctions. Rate the percentage improvement potential available to your overall organizational performance should the dysfunction be eliminated:

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____: **Lack of Effort** - Low employee engagement, poor work ethic, and suboptimal level of effort
____: **Limited Skills** - Lack of people with the needed skills and knowledge
____: **Outdated Tools and Methods** - Outdated tools, systems, procedures, and practices
____: **Inadequate Value Add Focus** - People, roles, and processes not focused on value adding activity
____: **Bad Strategy and Planning** - Ineffective strategy and poor planning
____: **Inferior Quality** - Poor execution, inferior workmanship, warranty claims, and inattention to detail
____: **Poor Teamwork** - Self-centered focus, political posturing, and poor cross-functional teamwork
____: **Financial Inefficiency** - Poor expense management, excess inventory, outstanding collections, underutilized assets, unfavorable contract terms/conditions/pricing
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____: **Overall Dysfunction**



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If you assume that you could eliminate your organizational dysfunction and there is sufficient upside market share in your marketplace to reward you for doing so, calculate the impact of your dysfunction by multiplying the current output of your organization plus the upside potential by the dysfunction percentage. If, for example, the output of your organization is currently \$1B and your overall dysfunction is 30 percent, the impact of your dysfunction is: 30% of the \$1.3B overall potential which is \$390M. Now that is worth diagnosing and eliminating!

Article written by Mike Hawkins, award-winning author of *Activating Your Ambition: A Guide to Coaching the Best Out of Yourself and Others* (www.ActivatingYourAmbition.com), author of the *SCOPE of Leadership* six-book series on coaching leaders to lead as coaches (www.ScopeOfLeadership.com), and president of Alpine Link Corp (www.AlpineLink.com), a boutique consulting firm specializing in leadership development and sales performance improvement.

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