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ORGANIZATIONAL SILOS-HOW TO DEAL EFFECTIVELY WITH THEM

Andrew Cox

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Introduction

I was driving through dairy country in Virginia, and the silos at every farm reminded me of a client I was working with at the time - a successful manufacturing company undergoing change. They had organizational silos - much tougher to deal with than the ones on the farm. But they do share certain characteristics.

The company had been successful for many years, but new competition and new technology were forcing change. Their organizational silos were big obstacles to change. They were firmly in place, and while their occupants were convinced of the need for change, they were just as firmly convinced change was needed in all the other silos, but not in theirs. Whenever the call for increased productivity, problem solving and collaboration went out, each silo responded individually - by working harder - more hours - more volume. It got a lot busier, but not a lot more effective.

It wasn't until the silos were changed that real change and growth could take place. The CEO realized that all silos have two things in common -first, they keep things in - and second, they keep things out. There is one other thing the vast majority of silos share - the only way to get anything into them is through the top - or, sometimes, through the bottom. Nothing gets in through the sides. One way for that to change is to knock down the silos, but the longer they've been in place, the tougher that is to do. And they

have real value to most enterprises - they're not necessarily bad. And when they are knocked down, all hell breaks loose - so it isn't done very often.

My client placed a high value on their silos - they were structures that had been effective and provided the kind of organization and order that focused people on their work. That kind of order has a high value - as it should. And the silos were full of good, experienced people who knew their jobs, and took pride in them. But when organizational silos create barriers to collaboration, to outside the box (or should we say silo) thinking, to looking at new and innovative solutions to competition and innovation, then they have to be dealt with. My client decided on a strategy that kept the structures, but poked holes in the sides - letting ideas and communication and problem solving circulate through different levels - and creating opportunities for peer to peer and cross functional activities to occur. It wasn't easy, but it was effective.

The key steps taken to make this happen were:

The CEO communicated expectations. He made it very clear in communications and actions that the way internal business was conducted had to change if the business was to survive and prosper. He communicated the pressing need for change. He then communicated what he saw as the structure that would be developed to make that happen. The top 5 goals for the business were made known to every one of the 1500 employees. Company and functional area performance to the top 5 goals was reported to all on a monthly basis. Cross functional and problem solving teams were established and trained in team development, dynamics and communications. A close analysis of approval chains was made with the objective of eliminating as much low value - added steps as possible - and putting as much responsibility as possible at the most effective operating level. Every functional head was required to make cross functional activity part of every employees responsibilities. Either as part of a team, or through temporary assignments, or through transfer to other functions.

Every functional head was required to communicate their contribution and issues to the whole organization. This was done using teleconferences and meetings, an internal Ezine, and face to face meetings. The effect was that the silos grew closer to each other - and became interdependent. It worked well enough that the business found solutions that kept it competitive and growing. And they found them inside the organization - the place where 95% of the answers to organizational issues can be found. And just as importantly, it created a new set of behaviors between silos that allowed skills, experience and capabilities to be used on an interdependent basis. Much higher leverage of human capital was created. Silos don't have to be

knocked down. While "organizational silos" is most often spoken as a negative term, it doesn't have to be. Respecting and valuing structure while creating opportunities for leveraging the talent in organizations can be the single most effective that can be done to gain competitive advantage.

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About the Author : Andrew Cox

The author is the founder of Cox Consulting Group, which helps clients select, develop and retain the talent and teams they need to be successful. He can be contacted at acox@coxconsultgroup.com

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