~~Eliminating~~
Simplifying Organizational Barriers

by Mark Nyman

It would be nice to call this article "Eliminating Organizational Barriers" but in organizations of any size and complexity, boundaries and hand offs will occur.

This simply means that no one person or one group will independently take a product or service from the concept or design stage all the way to the customer. There are typically multiple individuals, departments, and functions that will be involved in the delivery process, so handoffs from one group to another are inevitable.

Even though handoffs are inevitable, organizations have a choice on where those handoffs occur. External opportunities and customer needs create the focus on where to eliminate hand offs so that work flows in a seamless manner. The goal is to make the inside of the organization work for those you value outside of the organi-zation. This is not easy but it is paramount and foundational to dealing with silos and barriers in an effective way.

There are two principles we have found to be helpful in this journey.

1. Identify and Define Competitive Work

Competitive work is the work inside your organization that drives external value. It is based on outside-in logic about how you address market opportunities and customer needs. It is the work that makes you distinctive in the eyes of your customer and it differentiates you from your competitors. In most organizations it is a surprisingly small percentage of the overall work, but it is the most critical work to understand if you are to effectively reduce barriers and handoffs.

For example, a team tasked with designing a sports car came up with simple and elegant criteria for determining how to make a myriad of design tradeoffs in the design of the automobile. Every design choice was made based upon the impact it had on the speed of the car. Within basic safety and road worthy standards, anything that could be done to make the car faster, or in some cases not slow it down, was the focal point of the design. The product development work that enhanced the speed of the sports car was the competitive work that everything else was based upon.

Do you have clear criteria for what drives your organization and how you are organizing your work? Do you have an agreement on which capabilities create competitive advantage?

Without this clarity, you may be eliminating the wrong hand offs or even making competitive work more difficult. With this type of focus, the way to deal with boundaries and barriers is done through the lens of how everything impacts and

supports the work that should be driving your business.

Prioritizing and simplifying based upon your competitive work will make some things easier while it will also make some things more difficult. But the common criteria give you a framework to simplify the work that matters most and eliminate a lot of distractions.

2. Organize based on Interdependency of Work:

An understanding of your competitive capabilities and your competitive work opens the door to think differently about your organization. Typically, when we think of organization design we think about structure, and we usually revert to thinking about organizations designed around functions, geography, matrix, etc. The dominant logic in most organizations is to organize so that similar disciplines, similar skills, and similar geographies are grouped together and led by someone who has experience in those same areas.

The understanding of competitive work creates a new basis for organizing. The competitive work is best done working together on the same team with the same priorities and the same outcomes in mind and it inevitably cuts across multiple functions. In fact, we typically see organizations pull from at least 4-6 different disciplines to create their competitive work teams. (In years of working with organizations on this topic, I have never encountered a situation where the competitive work was contained within one or even two functions.)

When you organize around interdependency of competitive work you get organizations that are more team based and more focused on external value. The number of hand offs in the heart of the organization are greatly reduced and the speed and effectiveness of what these teams produce is improved. In each case,

there are still functions that support the competitive work, but the focus is clear, the interdependent work is together, and the role and purpose of the functions are clear.

Strategy Drives Organization
We have used these two principles to help many companies get clarity around competitive capabilities and competitive work and then streamline their organization. It is a lot of work but it has significant impact. One company focused on customer experience, another on product quality, and yet another on optimizing their distribution system. In each of these cases they identified the most important work with external stakeholders and customers in mind. And in each of these cases, the resulting organizations looked different because what they were building around was different. What they had in common was the elimination of hand-offs and barriers that had been inhibiting their ability to create competitive advantage.

Strategy drives more than structure, it drives organization. The critical linkage between strategy and organization is an understanding of how the strategy and business model drive day to day work-- most importantly, your key capabilities and the work that creates competitive advantage. Without this understanding the connection between strategy and organization is vague at best. We all know that changing structure does not change organizations. However, structure influences priorities, goals, rewards, and line of sight – what people pay attention to. Effective organizations use process, roles, systems, and structure to reduce hand-offs and make the structure work for them, not against them. They use it to create focus. They use it to reinforce the work that drives their advantage and eliminate the barriers and boundaries that get in the way of pleasing those that matter most – their customer.

For years, we have talked about how strategy drives structure. Barriers and boundaries are often created by structure and usually get in the way of meeting external stakeholder needs.

About the Author

Mark Nyman has spent his career helping organizations transform themselves by creating strategic focus and then aligning the design of their organizations and/or support functions. He has used his expertise in start-ups, existing organizations of all sizes, and in mergers/joint ventures settings. He uses high involvement as a way of building ownership and helps his clients think differently about the issues that challenge them. He has worked with numerous clients including: Adidas, American Century, AT&T, Cisco, Comcast, Denver Children's Hospital, Honeywell, Invesco, Johns Manville, Kellogg, Merck, Pfizer, Rio Tinto, RR Donnelly, Saudi Aramco, Shell Oil, Sun Microsystems, and Williams Energy. Mark has a bachelor's degree in business administration and psychology. He also has a master's degree in organizational behavior where he graduated with high distinction.