

ON A GROWTH TRAJECTORY

On the opportunities harboured by cross-functional working



BY MATHIAS WURTH

Why should we be concerned with silos? What happens when departments compete with one another? Shouldn't we focus on those functions that create the most added value, and ensure that priorities are set by those managers who are most familiar with their individual areas of responsibility? One look at the causes of the silo mentality demonstrates how organisational silos and their digital and operative counterparts often hinder business development. Breaking up silos can reinvigorate companies and activate innovation and staff commitment.

Kodak, the photo industry giant, held around 90 percent of the film and 75 percent of the camera market in the 1990s, and yet they had to declare themselves bankrupt in 2012, the reason being that the company was organised into product silos. Management continued to bank on the film industry because Kodak's largest operative silo reinforced it out of self-interest. The digital camera silo saw things differently, but it was precisely this branch which was discarded in order to save the film business.

As this example demonstrates, company goals can be defined in vastly different ways depending on interests and professional competence. This can lead to dangerous tunnel vision, particularly during critical decisions. Abolishing isolated silos therefore makes sense. It does not interfere with the autonomy of individual departments, instead helping to prevent areas of conflict and shortcomings in cooperation and the flow of information, while also avoiding wasting working hours and resources.

Of course, silos also provide benefits, ensuring the necessary structures and communication points are in place in every organisation. They are only natural as a reaction to the increasing complexity of their work environment. What are the reasons behind this increase in silo mentality? They create competing subcultures, and due to our innate herd instinct we seek out connections to groups close to us. While this increases bonding amongst colleagues, it also increases fixation on the goals of your own team at the cost of the company. Projects are often only given enough resources for just one department, because self-interest stands in the way of a comprehensive exchange of ideas with other company entities.

Digital silos reflect these disconnected silos because the functional areas hold back information. Safety protocols are also an obstacle to the exchange of data. But data control also serves our own goals, because knowledge is conceived as power. Data silos therefore prevent transparency, because valuable data is useless if it is difficult to access. It leads to additional time being spent on acquisition and analysis.

Silos have a big influence on business development because they restrict communication and trust between company units while preventing innovation. Data has to be accessible at all time in order to be evaluated optimally. Companies with a silo mentality are therefore limited in being reactive, because the organisation's insufficient flexibility slows down

market adaptation and has a negative effect on customer loyalty. Customer information from various sources has to be accessible immediately and fully in order to maximise its value for the company. Archiving this information in separate silos makes this difficult. The dominance of independent silos disrupts the organisation's solidarity and assists the creation of a "scapegoat culture" where the responsibility for failure is delegated. In addition, individual business branches often pursue strategies which clash with the interests of other departments and which fragment the vision of the parent company, which is how inefficiency is created.

However, members of staff also like to rely on information from their own silo which has either been misinterpreted knowingly or due to a lack of knowledge, causing conflicts with other teams. While new and qualified employees are beacons of hope, they do not reduce the risk of bad decisions. Homogenous teams in particular have a tendency to make subpar decisions due to a lack of diversity and a desire to be compliant. Strong solidarity of homogenous teams increases dependence on the group, while the distance to external influences grows larger. Individual perception therefore becomes the benchmark for important decisions.

There isn't a patent remedy against silos. Companies are complex ecosystems in which structures exist which have been created through silos. Collaborative work relationships can dissolve them so that information arrives where it is required. Optimised cooperation provides benefits on many levels. Nowadays, organisations are more fragmented from a geographic point of view due to longer supply chains, new business sectors and increased outsourcing, therefore requiring more complex project management. Collaborative and cross-functional work methods help structure them more efficiently. Communication also benefits from flexible solutions. Communication barriers exist in international teams, making it harder to reach prompt decisions. At the same time, collaborative software enables people

to work on the same project across borders, so that project teams can be formed depending on availability and competence regardless of location, even allowing external partners to be involved. Software of this kind also promotes more sustainable personal connections with colleagues at other sites. After all, collaboration is based on open exchanges, and people enjoy connecting with others who share similar values and interests. Strong bonds amongst colleagues create a strong team, increasing talent development and retention.

Ultimately, this also paves the way to more innovation and improved communication. After all, consistent customer experiences are expected across all channels. A fragmented approach to customer experience no longer guarantees this. A free exchange of ideas however creates innovative synergies, because collaborative feedback is a shortcut between the idea and the result and can overcome the obstacles that stand in the way of innovation. But in order for this to happen, the information gathered has to be bought together in order to create the maximum added value for the company and its customers. This can only be achieved if individual function silos work together. Cloud-based marketing platforms enable employees from different departments, branches and locations to work together through unlimited real-time collaboration without formal meetings and conference calls.

How can silos be broken up? Recognising the problem is the first step. Management personnel should know what prevents cooperation before making a collaborative plan in order to tackle silo mentality. Modern software for business process management and resource planning helps overcome silos. It allows teams to quickly identify where critical knowledge can be found within the company, creating a cross-silo culture of communication.

The executive level can either be the catalyst for change or a hurdle to success. Support from company management is ultimately the deciding factor for any larger change management

programme. The initiative for sustainable integration of the project must align with the objectives of top management. The way in which conflicts between silos shift the focus from the company's goals should also be examined. The silo mentality often evolves through competence disputes and conflicting visions of individual management teams. Both formal and informal conversations help dismantle the causes and define a common goal that is a priority for everyone. Finally, each individual is asked to communicate their discontent with the status quo and to complete a cost-benefit evaluation with their problem analysis and suggestions for solutions in order to reach a prioritisation of the requirements necessary.

Actions speak louder than words, therefore each plan has to be mobilised from top to bottom in order to improve collaboration. Select spokespersons in the entire organisation in order to initiate conversations and support the creation of project teams in order to drive forward collaborative activities.

Data silos can be eliminated through fully-integrated and centralised software that can be accessed by all teams. This technology supports organisations in the development of cross-departmental, design-orientated and collaborative strategies. Companies can form diverse teams of employees with different backgrounds and functions using digital asset management and marketing resource management solutions.

Because it is motivating for employees to be able to take matters into their own hands, it is imperative that they are able to decide when and how they connect and collaborate. Control methods contribute to increased happiness. Finally, pilot programmes enable users to try out the effectiveness of the solutions before they are introduced. Even if they might not be accepted by all employees to begin with, feedback and control systems should be implemented in order to optimise the chances of success and to be able to test how well the implementation strategy is working.

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