

Blowing up Silos

“Since when did we stop communicating?” stated the CEO of a mid-size company. I’m sitting in a mid-morning meeting listening to the chatter, observing the finger pointing, and hearing lots of excuses regarding a dispute between departments and the reasons they failed to deliver a new program to their customers. If you are going to go silo you might as well go solo.

Organizations are living, breathing systems. When people stop talking, sharing, and exchanging knowledge and energy, organizations then begin a slow death.

What happens when silos are formed?

Destroy Trust: People who spend significant time in a single department or division often develop loyalty to their immediate group and distrust in the motives of others, even if they are in the same firm. Product development may view sales with suspicion; a global subsidiary looks at the American parent with great disdain, and so on. Without trust, you cannot create teamwork across an organization, and without a team that moves quickly, organizations fall behind their competitors.

Cut Off Communication: Silos cut off clear communication between different business units or managerial levels. People can fall easily into only communicating with those directly around them or those who are at the same level in the organization. When there is little or unclear communication between groups, the right hand doesn’t know what the left hand is doing. As a leader, you fall out of touch with employee sentiment, lose track of important resources at your fingertips and don’t hear crucial feedback.

Foster Complacency: In an organization where people in different divisions have little contact with one another, it’s easy to become inwardly focused and complacent with the status quo. It will cause them to miss new opportunities and hazards coming from competitors or customers and changes in the regulatory environment. For example, if R&D has little communication with sales, research employees will never know end customers’ changing preferences, and your organization could lose out to another competitor that meets customer needs better and faster.

Atari was one of the largest manufacturers in arcade games, home video game consoles, and home computers. They helped define the electronic entertainment industry from the 1970s to the mid-1980s. At its peak, Atari accounted for a third of Warner's annual income and was the fastest-growing company in the history of the United States at the time. However, Atari came to a slow death when departments stopped communicating and interferences or “silos” started forming. Atari Inc. ran into problems in the early 1980s as interference from the New York-based Warner management increasingly affected daily operations. Its home computer, video game console, and arcade divisions operated independently of one another and rarely cooperated (silos). Faced with fierce competition and price wars in the game console and home computer markets, Atari was never able to duplicate the success of the 2600. These problems were followed by the video game crash of 1983, with losses that totaled more than \$500 million.

Silo prevention plan

It's important to have departments, decision makers, and employees talking. Isn't it? What do we do when we face an issue or we look to our personal resources to work through issues? We network, we collaborate with trusted advisors, trusted groups, etc. to come to new conclusions, get a new perspective, and find solutions, right?

A recent interview with an elected official provided candid viewpoint. "When divisions of a company or departments of a government agency or private organization are developing a plan for a particular project, it must meet the needs of all involved and lateral communication is important. If the development of a plan is done in individual meetings of divisions or departments it is difficult to have meaningful translation of the message from one group to another. When we talk about "blowing up silos," it is about getting all that are involved in the same room at the same time so everyone hears the same message and consensus can be built because all the players are in the room." Councilman Nader of Lincoln, CA.

To eliminate silos you must bring people across the organization together. There are several ways you can do this:

Get your departments networking together to share issues and solutions. Encourage employees to have ad-hoc conversations so solve challenges, communicate to coordinate services, and monthly or quarterly meetings to share knowledge and insight as to what their department are doing, what they do, and why? "The left hand needs to know what the right hand is doing." My clients find that this process helps clear up assumptions, resolve disputes, it is an educational perspective helping employees, management, and departments understand possible disconnections, promotes transparency, and trust. It can also help foresee any future issues that may interfere within the pipeline of progress, systems implementation, or poor communication.

For more information and how I can help your organization to: improve company communication, avoid silos, and master a culture of collaboration and cooperation contact me directly.

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