

Functional Misalignment

Mark Nyman

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Functional Misalignment

In both good and bad economies, functions such as Human Resources, Finance, and Information Technology are in a continual cycle of growing then shrinking and centralizing only to decentralize. They seem to be continually reengineering, downsizing, outsourcing, or creating “shared service” organizations. One day they are asked to increase responsiveness. The next day they are asked to cut cost and improve efficiency. In many support functions, change truly is the constant. The problem is

that many of these change efforts, focused on the support parts of businesses, have unintended negative results.

The experience of a professional services firm will illustrate this problem. As part of an ongoing change effort in the Human Resources organization, a follow-up internal “customer” survey was administered to the line business leaders. When the results came back, Human Resource leadership was shocked. Despite all the changes that they had made, the overall view of their contribution had gotten worse. In follow up interviews they uncovered a paradox that we have observed repeatedly. While the line leadership valued the contribution of the HR persons assigned to their business, they did not value the contribution of the overall function. In short, the changes HR had made to improve the function did not help the line leaders improve business results.

When functions attempt to improve themselves without alignment with the larger organization as the primary outcome, they usually end up hurting rather than helping overall business performance. In our experience, there are several types of misalignments that often occur in functional change.

Types of Misalignment

Optimizing the Function

We see numerous examples where a function will implement changes that make their work more efficient or easier while making it more difficult for the larger organization to accomplish its goals. As simple as this sounds, this type of misalignment happens frequently. To your business partners, it feels like the proverbial tail wagging the dog. Before any improvement can begin, support organizations must be vigilant in understanding who they are connected to and how their actions/improvements will impact the core part of the business. It is critical to keep in mind that when you are in a support role, the majority of the requirements need to flow from the business needs out rather than from the support organization to the business.

Standardization Versus Customization

Standardization is a frequent solution to cost cutting initiatives and streamlining of functions. When properly applied, standardization does create tremendous value and cost savings. However, when the business drivers call for customization, standardization results in rework, shadow organizations, and other

drains on people's time. There are legitimate reasons why one size does not fit all. The belief that work is scalable is not enough of a reason to standardize.

Utilization Versus Availability

Functional groups are frequently challenged to be available whenever someone wants their services but also ensure that they are lean enough that their people are being fully utilized. It is also true with tools such as computers, printers, etc. Managing utilization versus availability often feels like a no-win situation. In fact, trying to do both is a no-win. It is paramount that functions are clear enough about the primary drivers of business success that they can determine where they use utilization or availability as organizing principles. It is also paramount that support organizations have a clear method for prioritizing their work and who they respond to first to keep the business running.

Solutions Looking for Problems

Far too many improvement efforts fit the category of solutions looking for problems. Many functions, with good intentions, will identify a concept that they find particularly compelling, get management support, and implement the concept without understanding the relevance or application on day-to-day work. Much of this is done in the name of being proactive. The tendency to create work for others may be the issue that creates the biggest credibility gap between functions and those they serve. You should always be able to concretely identify what business need you are meeting. If business leaders see the work you are doing as an added burden and a distraction from real work, it is either the wrong work or there is a need to spend more energy scoping the improvement effort.

Accountability Confusion

The notion of accountability confusion shows up in situations where functions have the role of policing budgets, policies, and procedures that belong to the line organization. The function becomes accountable for issues that belong to the line. It is alarming not only how often this occurs but also how many functions desire this type of responsibility. It creates serious misalignment and victims out of those who are being policed, and it becomes a rationale (in some cases a good rationale) for the line not taking responsibility and accountability for results.

Designing Support Organizations

The misalignments listed above have various causes and solutions. Some of the solutions are as straightforward (not to be confused with easy) as understanding requirements and determining what type of response drives the most value. This includes a detailed look at the work you are doing and understanding how to best position the work for the overall good of the business. Some misalignments are related to a misunderstanding of what effective support looks like. The most lasting solution to functional effectiveness goes back to understanding business purpose and strategy well enough that all functions are aligned to the same end result. While most organizations understand the need for alignment, what is often unanswered in change efforts is what is being aligned to. Alignment implies direction or a reference point to align everything else with. It is a phase in change activity that is often assumed or skipped.

Support functions that are well aligned to the business have clear priorities and those working in the function have a clear understanding of the role their work plays in the effectiveness of the organization. Getting aligned is not an easy process but it is well worth the time and effort required for both the function and the overall business.

About the Authors

Mark Nyman is a principal with The RBL Group, has spent his career assisting organizations in transforming themselves by creating strategic focus and then aligning the design of their organizations and/or support functions. He has used his expertise in large system change and executive development in start-ups, existing organizations, and in mergers/joint ventures settings. Mark uses high involvement as a way of building ownership and helps his clients think differently about the issues that challenge them.

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