



BREAKING THROUGH FUNCTIONAL SILOS

To Gain Speed and Agility

ACHIEVE COMPETITIVE AGILITY



Functional silos. They make organizations slow, bureaucratic and complex. Yes, they were a necessary feature of companies operating at scale in the pre-digital age. Now competition hinges on responding with extreme speed, and silos are barriers that don't encumber disruptors.

That's not to suggest functional capabilities are outdated. They're still crucial for success. But they need to be integrated into market facing decision-making processes. Now incumbents are catching up to their nimble rivals, shedding the rigidity of siloed organizations to gain competitive agility at scale.

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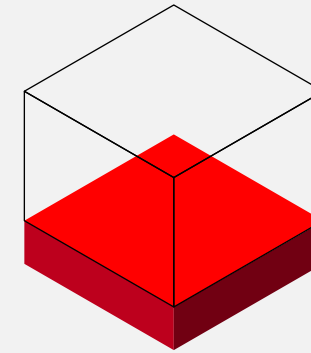
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Kent works with executives to drive growth through enterprise wide business transformations that enhance customer experiences and efficiencies.

Marketing. Sales. Finance. Human resources. Run as distinct silos, these and other functions are too big, too slow and too expensive to be effective. They can be barriers to speed, agility and decisiveness as each area, in turn, weighs in on key decisions. It's something incumbents understand more and more each day: Only 25 percent¹ believe their company's operating model has evolved quickly enough to align to their strategy.

Innovators, startups, and disruptors organize around consumer outcomes and value propositions and bring in functional skills as needed, eschewing the sequential and gaining speed in the bargain. Now traditional players are beginning to borrow from their more nimble rivals, proving that operating at scale no longer equates to "slow", "static" and "complex". Chinese consumer electronics giant, Haier², is one such company. Haier eschews functional silos and instead organizes around micro-enterprises that determine their own course steered by user need. Haier has taken the traditional vertical organizational construct, based on hierarchy, and made it horizontal, based on consumer need.

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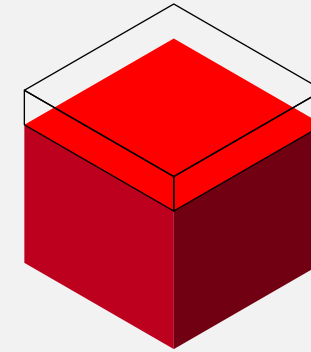
believe their company's operating model has evolved quickly enough to align to their strategy.¹

HURRYING EVOLUTION

Given the speed at which business is moving, incumbents can no longer afford to group skillsets solely within an organization in functional silos. Because the lapsed time from idea to action has shortened too dramatically to accommodate sequential processing, and companies can no longer afford planning approaches that take weeks or months to design.

Today's game is about predicting change and responding in the marketplace day-to-day. Functional skills need to take their place along with other roles within the business. Not buried deep within the function. Instances where "finance must approve," "HR must review," or, "marketing must evaluate," hinders agile decision-making and execution.

The end of functional silos has been in the making for decades. Companies started dissolving silos with the rise of shared services organizations that consolidated low-value transactions into one place. Consider this: Up to 80 percent³ of all finance work can be automated. Most companies need to go further, freeing high-value, strategic knowhow trapped within functional silos. One example: control and compliance where transactions are reviewed, matched and reconciled after they occur. As digitization progresses, control and compliance will likely move to a more preventative process, one that negates the need for functional review.



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BREAKING OUT OF THE BUNKER

Breaking out of the bunker of silos means thinking in terms of the **end-to-end consumer experience** and organizing the workforce accordingly. Creating a common sense of purpose can be game-changing in any business, helping break functional mentalities that cause them to stay siloed, and opening the path for collaboration, innovation and growth.

Question

“What’s the purpose of the accounts payable department at a package-delivery business?”

Answer

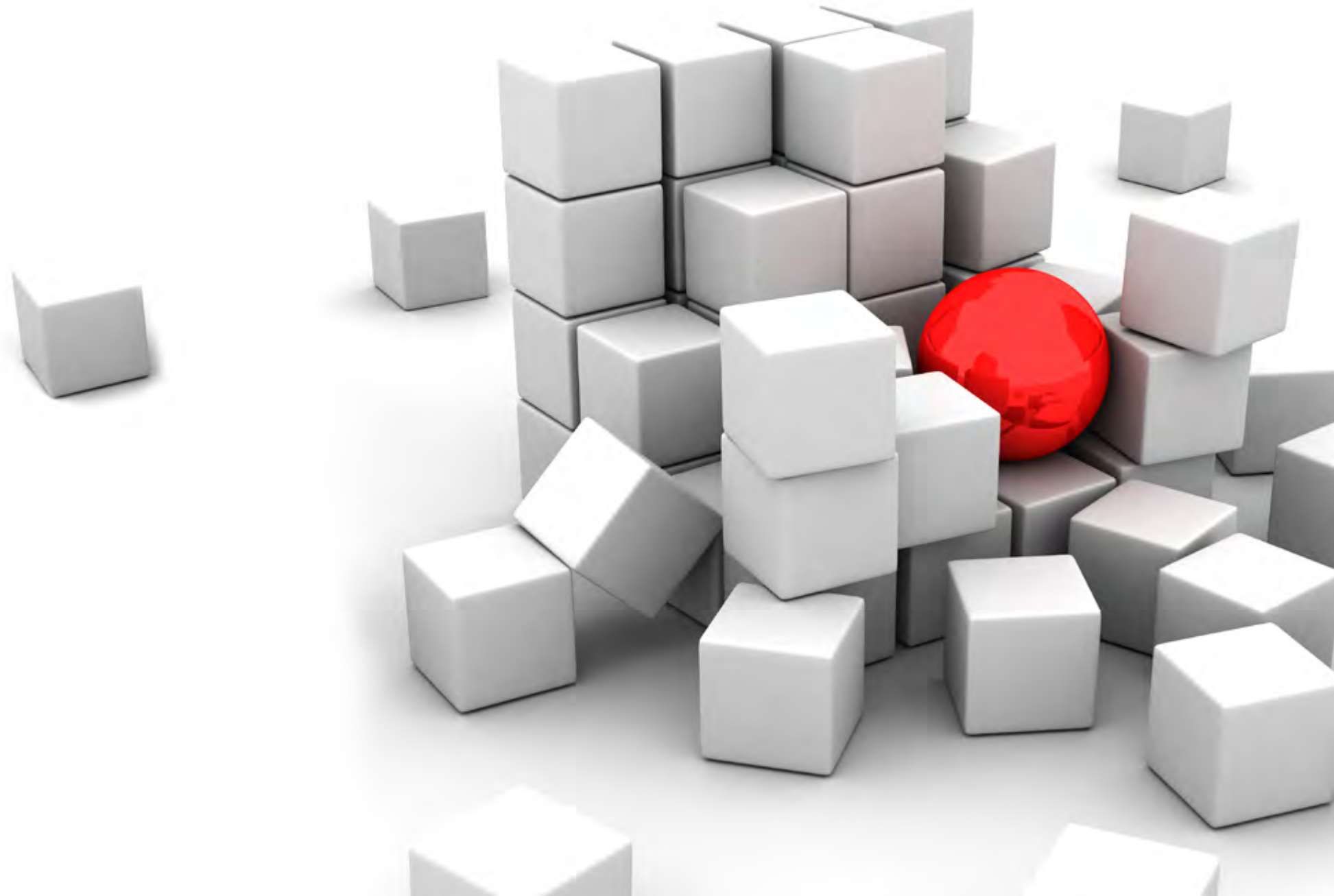
“Delivering packages on time.” (It’s also the purpose of marketing, sales HR and every other function in the company.)

WE'RE ALL FRONT OFFICE NOW

More and more of what used to be considered back office is now squarely front office. That's due largely to automation that's processing the work of various back office functions.

Take finance as an example. It used to be that 70 to 80 percent⁴ of what finance did was backward focused. ("Accounting," after all, means counting what was done in the past.) And back and front office are fusing as more control is put (literally) into the hands of customers through apps.

Now the same percentage is dedicated to looking forward. What's our forecast? What's the impact of competitors merging or trade barriers shifting? How will our manufacturing be impacted? The human content of those functional organizations is focused on enabling strategy and shaping the future.



THERE'S AN APP FOR THAT

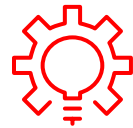
Whether it's building a budget, hiring talent, or creating a campaign around a new product launch—there's no need to call finance, HR or marketing. Work needs to be rearchitected in order to execute at speed. Download an app (or use other ways such as crowdsourcing to access liquid resources) and get on with speeding your effort into market.

To help transition from a siloed organization to an intelligent and agile one companies are turning to more DIY solutions.

One example: expense reporting. At Accenture, employees file expense reports using an app on their phones. Not only does that suit the firm's significant mobile workforce, the app moves HR policy and financial control and audit checks to the front end of the process. Compliance is enforced at the point of input, dramatically reducing the need for back-end sampling and audit checks. Silicon Valley tech star, Cisco,⁵ created something they call the Talent Marketplace. It allows their employees to find short-term "stretch assignments" or longer-terms projects based on their personal interest. Creating a more agile, and interesting, work experience "on demand."

GETTING BACK TO THE CUSTOMER

How can companies shed their siloed ways and get back to their customers? Gaining agility and speed at scale requires three things:



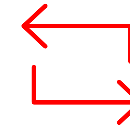
Redefine work to eliminate the need for functional intermediation. This entails empowering market-facing teams to make decisions that break down functional silos and embed functional expertise into multi-disciplinary teams. A relatively new disruptive player in the snack food industry drives rapid product and marketing innovation using a 48-hour idea-to-market process. New offerings appear in retail outlets in six short weeks. At the other end of the spectrum, a major global insurance company decentralized innovation by creating 13 tribes comprising multidisciplinary teams to drive innovation, decision making and customer centricity.



Enable these teams with automated information delivery and analytics.

Agile companies provide employees with a suite of digital tools to enhance job performance. One large financial services company redefined how information and analytics were delivered. Instead of framing information needs by a person's job title, (so that sales managers get one set of data, supply chain managers get another), they defined needs by activity performed. So, all managers, regardless of their role, can hire new employees, conduct employee performance reviews or review elements of profitability.

Other companies give "plug and play" access to capabilities from an expanded partner ecosystem. Take Siemens⁶ for example. The company restructured its HR organization to create modular services. Instead of one-size-fits-all HR solutions, they turn activities on and off as needed by specific business units. For standard deliverables like payroll, Siemens uses plug and play services from ecosystem partners.



Redefine end-to-end processes to integrate functional capability at the optimal point in the process, then execute short sprints to prove the value; rapidly scale across different areas of the business to build commitment and momentum; deliver meaningful and measurable results. At a global consumer goods company this meant breaking the organization down into more than 4,000 micro-enterprises comprising 10-15 employees each equipped with the blend of cross-functional skills to drive innovation, deliver product and serve the customer. The outcomes included revenue growth exceeding 20 percent and margin expansion of 18 percent.

STOPPING THE SILO SPREAD

It's a natural tendency: as businesses grow, they tend to adopt more traditional structures which leads to centralized functions and divisions. Over time, organizations respond according to their internal needs over those of the market and the customer. And silos spread, ultimately inhibiting collaboration and innovation. The trick comes in breaking them down by redesigning work to redefine end-to-end processes. Then giving employees the right tools for what's most important: driving a relevant customer experience.



ABOUT ACCENTURE

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Accenture Strategy combines deep industry expertise, advanced analytics capabilities and human-led design methodologies that enable clients to act with speed and confidence. By identifying clear, actionable paths to accelerate competitive agility, Accenture Strategy helps leaders in the C-suite envision and execute strategies that drive growth in the face of digital transformation. For more information, follow **@AccentureStrat** or visit **www.accenture.com/strategy**.

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