



Gulati, R. (2007): Silo Busting How to Execute on the Promise of Customer Focus

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ARTICLE SUMMARY

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MAIN INVESTIGATION

What is the main issue under review
in the article?

02

RELEVANCE

How would that issue be relevant
in a System Analysis and Design
context?

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An abstract geometric pattern consisting of white dots connected by thin white lines, forming a network of triangles and polygons. This pattern is located in the upper right corner of the image, set against a teal background that has a subtle gradient from a darker shade on the left to a lighter shade on the right.

01

ARTICLE SUMMARY

Article Summary

- Organizations need to change their structure, incentives and relationships
- Silo Busting means breaking up an isolated system of an organization that operates by itself and doesn't share information throughout the company
- Examples: GE healthcare, Jones Lang LaSalle (JLL), Cisco, ...
- Units should know what they give and take from their cross-silo partners
→ Transformation to a customer-oriented perspective

Silo Busting: Definition

Silo Busting is the process of breaking up the separation of systems along the lines of functions in an organization. This increases the ability to offer optimal value to a company's customers because it makes relevant information available to the whole organization and not only certain silos.





02

MAIN INVESTIGATION

What is the main issue under review in the article?

MAIN INVESTIGATION

Background: GE Healthcare


- A leading global medical technology and digital solutions innovator
- 2001: creation of a unit to sell consulting services packaged
 - At first millions of dollars in revenues and cost savings
- 2005: the unit's growth begins a swift decline, because:
 1. Lack of capability: equipment salespeople were not able to explain the consulting services
 2. No cooperation with consulting services salespeople





ADDRESSING THE CUSTOMER'S NEEDS

Challenges:

- Lack of knowledge and expertise
 - Seeing the product's perspective instead of the customer's
 - Time-consuming, multi-year process with setbacks
 - Sharing resources across internal boundaries
- 

STRATEGIES TO ADDRESS CUSTOMER NEEDS



1. Coordination

Establishing structural mechanisms and processes that allow employees to improve their focus on the customer by harmonizing information and activities across units.

2. Cooperation


Encouraging people in all parts of the company, through cultural means, incentives, and the allocation of power, to work together in the interest of consumer need.

3. Capability

Capability development. Ensuring that enough people in the organization have the skills to deliver customer-focused solutions and defining a clear career path for employees with those skills.

4. Connection

Developing relationships with external partners to increase the value of solutions cost effectively.





03

RELEVANCE

How would that issue be relevant in a System Analysis and Design context?

RELEVANCE



INFORMATION
EXCHANGE



TEAM WORK



EFFICIENCY

→ IMPROVEMENT OF A SYSTEM






04

CRITICISM

How does the article address the issue? Is there any gaps?



CRITICISM

- The silo mentality crops up when employees in different departments fail to share important team knowledge with each other.
 - Silos can harm our business in all kinds of ways if left unchecked.
 - In this article the author has not covered the pros and cons of Silo.
 - There is not enough discussion on how to approach a Silo because breaking down silos is no mean feat. It takes time and doesn't come cheap. But ignoring the issue will cost us far more in the long run as our productivity, employee morale, and customer satisfaction levels all begin to show cracks.
- 



05 STRATEGIES

• How could the ideas in the article will help bust Silos?

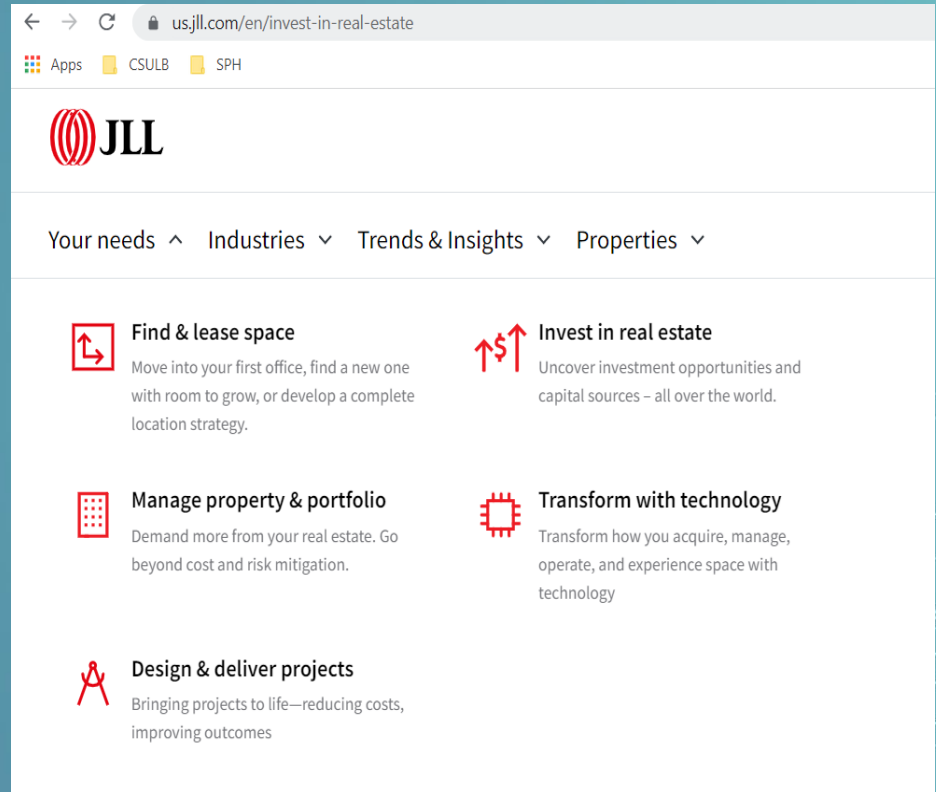
1. COORDINATION

Establishing structural mechanisms and processes that allow employees to improve their focus on the customer by harmonizing information and activities across units.



1. COORDINATION

- Units should know what they gives to and get form their cross-silo partners
- Creating new silos organized by customer needs
- Using informal exchange of information
- Achieving more formal coordination:
→ layering boundary-spanning roles or units

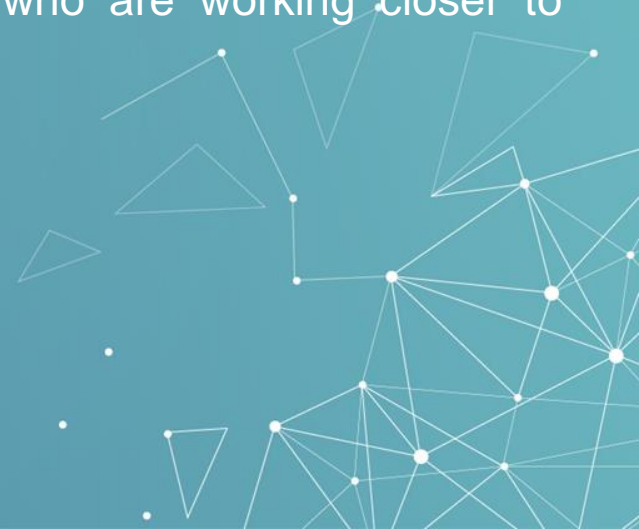


2. COOPERATION

- substance & symbolism to achieve customer-focused cooperation
- development of metrics that measure components like customer satisfaction

→ creation of incentives to focus on the consumer

- change in the power structure to give people who are working closer to customers have a say in important decisions

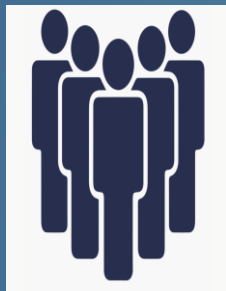


3. Capability

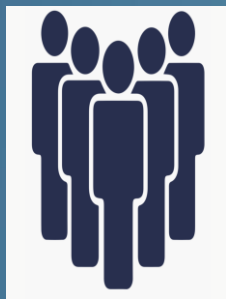
Delivering customer-focused solutions requires at least some employees to have two kinds of generalist skills. The first is experience with more than one product or service, along with a deep knowledge of customer needs

BUILDING CAPABILITY

- As a company becomes more adept at inducing coordination and cooperation across units, new skills become valued and desirable.
- Ensuring that enough people in the organization have the skills to deliver customer-focused solutions and defining a clear career path for employees with those skills.
- Rather than highly specialized expertise, customer- focused solutions require employees to develop two kinds of skills:
 - Multi-domain skills (the ability to work with multiple products and services, which requires a deep understanding of customers' needs)
 - boundary-spanning skills (the ability to forge connections across internal boundaries)



Account managers
skilled in single
domain



Managers skilled
in multiple
domains



4. CONNECTION

- Build relationships with external partners to add cost-effective value to the solution.
- By redefining corporate boundaries and deepening contact with external partners, companies can not only outsource everything but core activities to reduce costs, but also complement their products.
- We can create higher value solutions by linking with the products of our partners.



Connection with External Partners



Starbucks's relationship-building capability has enabled the company to grow far faster than it could have on its own. Such relationships can be mutually reinforcing.



06

CONCLUSION

In today's ever expanding and shifting business arena, and in light of a growing focus on customer needs, the definitions of what is inside a company and what is outside are no longer clear. But as our sense of firm boundaries evolves, so will our understanding of how best to breach internal and external barriers.

To stand out in a commoditized market, companies must understand what customers really value. The only way to do that is to break down the traditional, often entrenched, silos and unite resources to focus directly on customer needs.