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BY PAUL BARNETT

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In the business world, silos have garnered something of a bad name. The term *silo* has become synonymous with narrow-mindedness, institutional bias, and rampant interdepartmental rivalries. Silos are a metaphor for business structures that prevent the corporate whole from being greater than the sum of its parts.

But we shouldn't reflexively regard silos negatively, says Gillian Tett. They are an inescapable and necessary consequence of organizational scale and complexity. More importantly, they exist because "humans are hardwired to classify the world and to sort it into buckets," she writes in *The Silo Effect: The Peril of Expertise and the Promise of Breaking Down Barriers* (Simon & Schuster, 2015). We just need to master them before they master us. With detailed references to companies that have successfully broken through silos (or been constrained by them), Tett, the U.S. managing editor of and columnist at the *Financial Times*, provides a guide to doing that.

The Silo Effect comes across in print much as Tett comes across in person — sharp, insightful, and concise. And the book, which is informed as much by her training as an academic anthropologist as by her experience covering the global financial crisis, is an excellent at-

tempt to help both organizations and individuals figure out how to harness the benefits of specialization without creating tunnel vision.

Tett cites Facebook as an example of a company that strives to master the benefits of specialization, which include speed and accountability, without suffering the negative effects. To stop internal groups from becoming too competitive, Facebook consciously rotates people through different teams and functions, creates social ties, uses effective communication platforms, and ensures that different groups "collide" often. These initiatives, or "social experiments," as Tett calls them, have been numerous, and stem from founder Mark Zuckerberg's background as a Harvard student of psychology. Tett quotes one Facebook senior executive referring to the initiatives as deliberate attempts to be "anti-Sony and anti-Microsoft."

One social engineering initiative is Facebook's six-week induction "Bootcamp," designed to get new employees up to speed on the company's practices while promoting good habits and establishing lasting social ties. But, as Tett told me in an interview, "the most important thing at Facebook is they've spent quite a lot of time thinking about it and trying to actually look at what they call the social graph — for example, how people interact." Companies that consider social structure are much more attuned to the issues

surrounding silos, and can manage them more effectively as a result.

But it's not enough simply to rotate programmers from teams working on mobile to teams focused on apps. Efforts to undermine corporate rigidity can be undermined themselves by individual rigidity. It is people, not structures, that create culture. "Flexible minds are as important as flexible structures," Tett says.

The first part of the book covers entities that have been hampered by silos (including Sony, UBS, the Bank of England, and the U.S. Federal Reserve). The second half of the book offers contrasting stories from the Chicago Police Department, Facebook, Cleveland Clinic, and, finally, BlueMountain Capital Management. The last example describes how the hedge fund "has made money by taking advantage of the silos in the financial system around it."

Silos can be damaging because they encourage what management thinkers call strategic drift. "As time passes, in any organizational structure, people become very incentivized and invested to defend existing borders," Tett says. "If someone is successful in a particular department, they're going to try and defend it at all costs, resulting in power structures that get in the way." In turn, that results in greater internal inflexibility even as the outside environment changes rapidly.

Tett cites Japanese electronics giant Sony as a counterexample to Facebook. The company, she says, is a "classic example of a company which had hit upon a product [the Walkman] and created a lot of people invested in defending it." By 2000, the convergence between hardware, software, and music



content was so complete that there was very little congruence between the markets Sony addressed and the siloed internal environment it had created.

Of course, humans are channeled into silos long before they enter the workforce. As Tett puts it, “educational systems make individuals so specialized that if we’re not careful, you end up basically getting sucked down one particular path that leads you into an intellectual and social ghetto, and you can’t see the bigger picture.” Job-focused vocational training geared toward specific needs reinforces the same tendency.

To aggravate matters, the very structure of today’s markets encourages and reinforces silo-like behavior. We are “living in a culture where being hyperefficient is seen as being very good.” And the enemy of efficiency is downtime. “You cut out any slack,” Tett said in the interview. “And slack is what you need to create serendipity and to allow people to roam and to collide with the unexpected.”

This isn’t an entirely new argument. In his 1997 book, *The Living Company* (Harvard Business School Press), Arie de Geus, former head of strategy at Shell, advocated that companies give employees time to

play, to create models, and to consider scenarios. Doing so would allow workers to create “a history of the future” — mental visions of possible futures supported by a shared language. In today’s hypercompetitive world, such efforts may seem like an unaffordable indulgence. But Tett urges skeptical business leaders to recall the value of the time spent by Steve Jobs studying Japanese calligraphy, and the impact that had on his design thinking.

Tett cautions that just like companies, individuals need to be aware of the dangers of silos, and take personal responsibility to avoid them. Avoiding mental silos, she notes, is challenging in part because the pressure to specialize seems as irresistible as the force of gravity. But it’s vital. Specialization can lead to narrow vision and limited, default ways of thinking. As humans, we may be prone to adopting habits that are hard to change. But Tett reminds us that “you don’t have to be trapped within the cultural patterns you inherit. We’re not all robots.”

Breaking out of silos requires hard work — and it is a balancing act. To succeed in today’s workplace, you have to be a highly functional and useful employee and colleague as you toil in your cubicle. But as Tett argues convincingly, you also have to make a conscious effort to seek out new perspectives, expose yourself to new experiences, and sit in other people’s chairs. +

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Paul Barnett

pbarnett@strategicmanagementforum.org is the founder and CEO of the Strategic Management Forum, a global membership organization with the purpose of advancing the professional practice of strategic management.

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