

# Challenge the Corporate Structures and Break the Silos

## INNOVATION IN ACTION 2015

*This briefing paper includes key takeaways from the Innovation in Action 2015 workshop, facilitated by Jon Haag and Björn Thunström from Stora Enso. The workshop focused on organizational adoption and metrics for breaking the silos, with best practice examples.*

### PURPOSE

The purpose of this workshop was to help participants understand if organizations can organize better and have better metrics to avoid or improve silos. This workshop had participants question their firms innovation culture, organizational structure, as well as the firm's vision.

### METHOD

This workshop was based around a short presentation, which also included a participant poll, multiple small group discussion sessions, workshop wide discussions, as well as external examples. The workshop furthermore facilitated an open dialogue between the participants to share experiences, best practices, as well as obstacles related to the subject.

### DESCRIPTION

Jon Haag and Björn Thunström from Stora Enso moderated this workshop. Many companies that focus on innovation experience that the projects get stuck somewhere in the organization. We do not really know where the sometimes-new questions belong in the corporate structure (units, budgets, resources). Companies that have business in different divisions/business areas or even subsidiaries end up with many different silos that they need to connect to be able to succeed.

### LEARNINGS AND RESULTS

#### MORNING WORKSHOP GROUP

The workshop poll asked participants "have you organized your innovation to avoid silo thinking? ". Of the participants, 11% responded *yes we have done that and succeeded*,

#### 8 ways to action

- ◆ Understanding the benefits of sharing knowledge.
- ◆ Silos are often a sign of conflicts or non-alignment in leadership team.
- ◆ Not utilizing silos in a good way is a leadership issue.
- ◆ Openly sharing insights and collaborate with customers.
- ◆ Collaboration increase speed, scale and cost efficiencies.
- ◆ Need to encourage and facilitate people interacting with each other.
- ◆ The benefits of utilizing the network to share knowledge and experiences.
- ◆ Aligning strategy of organization with strategy of collaboration.

74% said *yes we tried but still face issues with silos*, 7% felt that *no we have not thought of this*, and 7% answered *no we don't have silos in our company*.

The first group discussion was centred about the idea of openly sharing insights and collaborating with customers. The participants of the workshop found that this practice could have positive effects internally for the firm as well as increase the customer perception of the firm. For internal process, sharing information with customers would be accomplished by bringing together multiple divisions, and would require aligning viewpoints across the company. However, communication across silos is one of the most difficult processes for a company to manage resulting in double work, diverging visions and waste of resources.

With the workshop focused so much on how to break down, or destroy silos, many participants questioned the original motivation for forming silos. The need for silos seems to have stemmed from a need for high levels of technical expertise and operational efficiency, and can be found in many examples in society. However, in the innovative environment of today, many firms are seeking to optimize their silos by building up communication channels, structures and adapting the company culture. In order to accomplish this firms will need to rethink their methods of financial distribution between silos, structural stabilizers, and sharing opportunities. Additionally, organizations may seek structural divisions based on customer needs rather basing units or division on internal profit and loss considerations.

#### **AFTERNOON WORKSHOP GROUP**

The workshop poll asked participants “have you organized your innovation to avoid silo thinking? “. Of the participants, 5% responded *yes we have done that and succeeded*, 67% said *yes we tried but still face issues with silos*, 19% felt that *no we have not thought of this*, and 10% answered *no we don't have silos in our company*.

The afternoon workshop group focused on sharing and collaboration between players within an industry, customers and vendors. In some industries, governmental regulations greatly limit the amount that players within an industry are able to collaborate, or it may cause a firm to lose on their competitive advantage, in some instance even intellectual property issues could arise through collaborations. However, even with these obstacles and challenges firms are able to capitalize on new opportunities and build resources through sharing and collaboration. Such efforts may help resolve industry wide problems including governmental policy, developing industry challenges or overcoming issues too complicated for any single player to overcome.

Organizations must create a culture of understanding, and one that embraces sharing knowledge. This may be built up using formal cross company training programs, and encouraging interactions between silos. However, without a unified vision and support from executive management any programs or efforts will not succeed. Management must understand the value of openness, sharing, and creativity in developing innovation.