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The Challenge of Creating a Unified Organizational Strategy

By ADAM BRYANT

IN announcing its reorganization on Thursday, Microsoft provided a stark reminder of a leadership challenge that all chief executives face: How do you get everyone to think in terms of “Us” — we’re all on the same team — rather than thinking of colleagues in other divisions as “Them”?

To be clear, it is hard to do. The default behavior for human beings is to think in terms of tribes. If you work in a small department in a big company, you’re naturally going to identify most closely with your immediate colleagues. You’ll have lunch or coffee together, and maybe even socialize with them outside the office.

Other colleagues you see in the hallway and on the elevator can seem like total strangers, even though you work for the same company. Divisions fighting for resources and attention can exacerbate the problem.

It’s a theme that has come up often in my interviews with more than 200 leaders for my column, Corner Office, and smart leaders recognize that us-versus-them behavior can ultimately destroy companies.

So what should leaders do? A few tips have emerged from my interviews.

Create a ‘One Company’ Culture

Symbolism is important, in both the language that leaders use and the organizational chart they create.

Here’s how Kathleen L. Flanagan, the chief executive of Abt Associates, tackled the issue.

“We’ve grown from \$180 million in annual revenue a few years ago to \$425 million today. As the company grew, more business units were created, and so we had more silos in the organization. My objective two years ago in coming into this job was to take down the silos. So I reorganized the company. It used to be organized around lines of business — international, U.S.-based, data collection — and there used to be senior vice presidents who led each of those big businesses. I took those senior V.P. positions away and hired one executive vice president for global business who shared my vision for what I call One Global Abt.

At the heart of that is taking down the walls so people can collaborate more freely, so that we can leverage all of Abt. We now ask people to pick their heads up out of their project work or their division focus and look across the whole company. So I now ask my managers to wear two hats. Everybody’s got their job in the big picture of the company, but they all have to wear an Abt hat. It’s really easy, given the time pressures and the pace of our work, to put blinders on and be very project-focused. It’s harder to take a step back and ask, “How does this apply to the whole company?”

Simplify the Scoreboard

A big part of a leader’s job is to establish a simple set of performance metrics so that everyone in the company can feel as if they’re part of a broader team, and can understand how the work they do contributes to the broader goals. Chief executives have to choose those metrics carefully because, as the saying goes, what gets measured gets managed.

A powerful example of this came from Shivan S. Subramaniam, the chief executive of FM Global, a commercial and industrial property insurer, who shared with me how his team worked hard to develop very simple goals.

“We call them key result areas, or K.R.A.’s. We’re multinational — we’ve got 5,100 people, 1,800 of whom are engineers. We’re very analytical. But we have three K.R.A.’s, nothing terribly fancy. And everybody focuses on them. One is on profitability. One is on retention of existing clients. And one is on attracting new clients. That’s it.

You can talk to people in San Francisco, Sydney or Singapore, and they'll know what the three K.R.A.'s are. All of our incentive plans are designed around our K.R.A.'s, and every one of those K.R.A.'s is very transparent. Our employees know how we're doing. And, most importantly, they understand them, whether they're the most senior manager or a file clerk, so they know that 'If I do this, it helps this K.R.A. in this manner.'"

Communicate Relentlessly to the Entire Staff

There's a reason that so many companies hold regular all-hands meetings (and with technology, it's possible to do them in large and sprawling companies now). Again, it's about tribal behavior. You have to bring everybody together and speak to everyone as a group for people to identify themselves with the broadest group. Leaders then have to take their simple plan and hammer it home, again and again, even if they feel like everybody has heard it before a hundred times.

It's a lesson that Christopher J. Nassetta, the Hilton Worldwide chief, told me that he learned over time.

"You have to be careful as a leader, particularly of a big organization. You can find yourself communicating the same thing so many times that you get tired of hearing it. And so you might alter how you say it, or shorthand it, because you have literally said it so many times that you think nobody else on earth could want to hear this. But you can't stop. In my case, there are 300,000 people who need to hear it, and I can't say it enough. So what might sound mundane and like old news to me isn't for a lot of other people. That is an important lesson I learned as I worked in bigger organizations."

Steve Ballmer's challenge as the chief executive of Microsoft is not unlike the challenge that it faces with technology: how to take something very complicated — be it a software program or a sprawling organizational chart — and make it simple to operate. This may be the toughest task of his career.

Adam Bryant writes the Corner Office column, which appears on Fridays and Sundays.