



HR IS A MAJOR PLAYER IN THE MIGRATION TO CUSTOMER-FIRST BUSINESS...OR SHOULD BE

HR takes care of customers, not employees, right? Well, not exactly.

While customers are taking charge of buyer-seller relations, companies are scrambling to adopt more customer-friendly policies and practices. But as anyone experienced in helping companies migrate from “inside-out” (company-first) to “Outside-In” (customer-first) will tell you, it ain’t easy. It ain’t easy because sufficiently changing policies and practices requires changing organizational design. Which is...or should be... part of HR’s portfolio.

Going Outside-In requires organizational redesign

Experts and quasi-experts have written a number of books about this migration. Some good, most regrettably naïve—and almost all written from a customer-experience or customer relationship perspective, with a smattering about pumping up employees into a lather thrown in. But late last year, Harvard B-School professor and specialist in organizational dynamics, Ranjay Gulati, weighed in on this topic with a new book, “(Re)Organizing for Resilience.” His take stunned (and in some cases “stung”) many involved in the exercise of “going Outside-In.”

The shock came from Gulati describing the migration in organizational design and development terms, rather than just “how can we be nicer to customers?” While HYM has been singing this same song for a number of years, we lack Gulati’s clout and credibility. Thus, we were thrilled when the book came out and have cited it innumerable times in LinkedIn groups covering different aspects of going from I-O to O-I.

Silos are like icebergs—only partly visible and dangerous as hell

HIGH-YIELD METHODS

In a nutshell, Gulati explores what's required organizationally of companies going Outside-In, and arrives at a core conclusion. The critical constraint facing companies headed in a customer direction comes from functional silos wanting to continue being the basis for organizational design—instead of allowing fulfilling customer needs to serve as the organizing principle. He maintains that silo pushback sinks more attempts to become customer-driven than any other factor.

In our experience, he's absolutely correct.

But Gulati does not espouse doing away with silos altogether. He believes that's impractical. Like creating a body with no bones. Instead, he suggests cutting silos down to size—AND, empowering a customer advocacy person or function with “clout” (Gulati's term) to ensure that disparate functions work synchronously in the service of customers.

Reward for HR

Does that make you want to “close the door” to HR and hide behind it in the safe confines of employee matters? Hopefully not. Most organizations sorely lack internal resources with organizational design insight. And even when companies engage external resources like HYM to help lead O-I migrations, without a function-neutral, organizational design/development resource internally for us to partner with, we're forced to scale all the way up the ladder to C-level executives to present our organizational observations and issues—not what they want to be dealing with hands-on, except in small business.

Realistically, HR is the only potential choice for filling this void. Either that or hiring another set of consultants, this time from the O.D. side—and having two sets of outside consultants shaping how a company will look organizationally is a disaster in the making.

Helping your companies respond effectively to growing customer power with customer-focused organizational design is an opportunity waiting to be seized. However, there's always a flip side of the coin.

With some risk, but...

The good news is that HR educational programs, particularly at the graduate level, are providing much more rigorous organizational design training than in the past. The bad news is that many of you received your HR education in the past. But that shouldn't stop you.

While getting yourself into professional situations you're not specifically trained for carries risk, working in a relative vacuum where *no one else* has the training mitigates much of the risk. And as long as you're committed to learning what you don't already know, taking an active organizational design role at a time when many organizations will be forced to reorganize can be a substantial career opportunity.