Is Organizational Friction Killing Your Firm’s Productivity?

Today’s business environment is competitive, fast paced and full of organizational congestion. We have specialists, technicians, analysts, controllers, planners, schedulers and researchers. There are functional teams in finance, programs, sales, engineering, manufacturing, quality assurance and human resources. The management challenge in this climate, though, is how to get all these groups – all these people – to work in unison like instruments in an orchestra. Depending on the way a business is run, the interaction between such diverse teams and people can result in organizational friction.

What is Organizational Friction?

Organizational friction at its core is the result of misalignment of goals and expectations within a business. The less individuals and teams are aligned to consistent goals and objectives and the more they are given autonomous reign, the greater the tendency for organizational friction. Gaps in leadership are also a common cause of organizational friction. Another way to understand organizational friction is to think about it being built in, inherent conflict within an organization.

Organizational conflict typically does not occur overnight, but rather, is a result of a slow drift away from goals, values or expectations. While organizational friction often occurs at the lower levels within a business, larger segments of the business can also experience friction.

Conflict Can Be Good

Organizations are complex systems. As described above, larger organizations can have dozens of different functional teams and groups. In complex organizational systems, such as many of the world’s governments, conflict was intentionally designed in to serve as a means of balance and control. In a business, say a small manufacturing company, while products are made as quickly as possible, Quality Control serves as a source of balance and control for product integrity.

Similarly, while company scientists may want to spend unlimited amounts of funds to develop new technology, the finance department will put limitations on the spending to ensure fiscal continuity. The point is that businesses will have inherent conflict between teams, which can be healthy when done right. The larger the organization is, the more strained communication becomes and the more likely organizational friction exists.

Why is Organizational Friction Bad?

As we stated, organizations will have some conflict, which can be healthy and beneficial for the business. Organizational friction, however, emerges when the conflict becomes polarizing to the business. That is to say, when the conflict produces inaction or excessive waste in time and energy, organizational friction has formed.
From our hypothetical examples in the previous section, imagine the finance department did not permit any expenditure on test samples or new software for the research and development department in order to control cost. Simultaneously, imagine the research and development scientists were tasked with generating five new patents for new technology that year. How likely is either team going to be successful? Who has final say?

Though simple, this example suggests how easily organizational friction can occur within a firm, and further, how it can paralyze a business from meeting its own objectives.

Real Examples of Organizational Friction

**Example 1: Organizational Misalignment** – In the global environment, many firms have locations around the world. One example is an American manufacturing company that obtained engineering support from its engineering center in Bangalore, India. Engineers working at the main offices in the United States were expected to work with the engineering staff in India. Despite daily exchange of emails and phone calls, the support received from the team in India was inconsistent.

A major deadline came for five design concepts to be submitted to a customer and the team in India failed to deliver blueprints for two of the five designs. There had been no prior communication of missing the deadline. It turned out that the engineer in India responsible for the two missing designs was not in the office. Instead, he was told to attend a training class which had a last minute opening. When questioned, the manager in India stated he was expected by his superior to give his employees training every quarter, and needed to send this employee in order to fill the expectation.

Organizationally, the reality was that the team in India did not connect to the reporting structure in the United States until the Chief Technology Officer (CTO) seven levels up in the organization (see Figure 1). Thus, while the two teams were told to work together, formal performance measures of the team in the United States and the team in India were completely independent of one another. Once goals and performance measures were realigned between the teams to drive the same behavior, friction between the two teams was reduced.

**Example 2: The Power Vacuum** – During a major reorganization, many senior leaders of a large firm were substantially absent for several months as they worked to restructure the business. While this consumed virtually all of their time, the business needed to keep running.

During this time, the Program Manager of a major project was told to take care of the customer’s needs and wishes while protecting company interest as a whole. It was a critical customer, and the Program Manager was told he was responsible for delivering what the customer needed, when they needed it.
In contrast, on the technology side, the Principal Engineer was told he was responsible for all technical aspects of the project. He was also told that any problems or errors that were felt by the customer were his responsibility.

The combination of the Program Manager, with his foot inherently on a gas pedal, and the Principal Engineer who had his foot inherently on the brake, created tremendous amounts of friction within the business (see Figure 2). Nearly two dozen people within the company were assigned to the project and were positioned squarely in the middle of the two individuals placed in charge.

On any given day, the Program Manager would ask the team to take action on a design change, as the customer had requested it. Hours later, when the Principal Engineer learned what the team was doing, he would tell them to stop work because the customer had not done a proper evaluation of the problem and the change would not work.

The result was relentless an ongoing organizational friction and repeated starts and stops. More than twenty people on the team were repeatedly changing direction. Both leaders were following their respective directions, but the impact of the conflict was routinely missed deliveries and an overall unhappy customer. Further, morale for the team of people supporting the project was extremely low as the ongoing debates and disagreements from those in charge grew tiring and exhausting.

**Example 3: Unrealistic Expectations** – A large European manufacturing plant served as a large profit center for the parent company. The plant’s sales revenue was ambitious and often swayed the overall results of the parent business. The manufacturing center also housed the engineering and technical arm of the firm, who designed products made at the local plant.

When a large project bidding opportunity was received by the factory in France, the customer asked for aggressive pricing. The factory was not inclined to bid on the program as the profit margin would be very low, and would not effectively contribute to the established sales targets over the next 5 years of the program.

To make matters worse, the parent company told the manufacturing plant to bid on the program as the parent company wanted the business. The parent firm further required all manufacturing for the project to be done at their low cost production facility in Vietnam so that they could aggressively price the product.

The senior leadership team for the manufacturing plant in France struggled with this as the project would consume several key personnel to develop the products, but the effort would result in virtually no local sales benefit. The plant requested relief from the sales target from the parent company, or more staffing to support the project and sales targets.
Both requests were denied, and the parent organization took the position that both the plant needed to maintain previously agreed-to sales targets, as well as allocate only existing resources to the new project. The project was won and the plant’s product development team supported the program, however the local sales targets were compromised due to the decision.

**How Can You Prevent Organizational Friction?**

There are several ways to identify and reduce organizational friction. Here are some suggestions:

1. One of the main causes of organizational friction is alignment of expectations and the definition of success criterion. Identify who works with whom, and which team depends on which team in your business. Now, look at your organizational structure and identify where those people and teams reside within the organization. Are they aligned in their reporting structure? Are there areas where unnecessary conflict may exist and where there would be no control in place?

2. The second way to detect organizational friction is simply to talk to the people. Take a pulse of your organization, particularly of those at the working level who are forced to work under the direction or multitude of directions they are given. Simple conversations with those at the working level can reveal obvious and embarrassing practices.

3. Similar to #2, if you are an executive, schedule periodic skip-level meetings with various members within your organization. If you’re the Vice President of Sales, for example, meet with some of your sales staff a few levels down in the organization. If your sales person in France is telling you something different than your sales person in Spain, perhaps communication is being lost or misunderstood.

4. Clarify what is expected and what is not expected. Using real life example 2 above, for example, senior management needed to clarify that the Principal Engineer and Program Manager had to manage their respective portions of the project, but were jointly expected to ensure the project succeeded and customer was happy. Senior management also needed to state that they did not expect them to work independently, but rather to compromise together as a team to provide unified direction.

5. Use metrics to identify weaknesses. Metrics are a great source of information for business leaders. While the day to day gets very busy, metrics can help quickly identify friction or issues within the business where attention was needed. In example 2, the Program Manager and Principal Engineer reported separate metrics, which supported their independent positions. Each told a different story which were never received by the same person who would have noticed the discrepancy. Poor showing of metrics is not always about individual performance, but can signal gaps in organizational effectiveness.

6. Understand your pyramid (see Figure 3). The higher you are in an organization, the larger your pyramid will be. While your focus may be called to action in specific areas, you are still responsible for the entire

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**Figure 3. Forgotten Areas of Pyramid**

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pyramid. Your focus on those key areas also implies you are not focused on other areas where friction and pain can be occurring. Granted, organizational structures are in place to help cascade goals and direction, but taking time periodically to check in with the areas where you are generally not as involved can help verify information and vision are clear.

**Improve Your Productivity**

As stated above, misalignment of teams, goals and expectations is the primary cause of organizational friction. Such misalignments and friction severely reduce productivity because additional energy is required to surpass the inefficiency.

Expecting a business to simply overcome organizational friction does not serve a business well. While individuals and teams can work through friction and eventually reach success, it typically comes in the form of workarounds, compromises and excessive coordination. In financial terms, ignoring inherent conflict and forcing a business to overcome organizational friction can be viewed as an opportunity cost – the time and energy spent overcoming the friction could be applied elsewhere as a better use of resources.

Reducing the friction typically begins when those in leadership and management positions get involved because they have the authority to help resolve and restructure issues. By using metrics to identify trouble areas where energy is wasted as well as by engaging with lower levels of the organization, business leaders can help identify and uproot friction.

Organizational friction is costly to businesses and organizations. Using the simple tips listed here can help managers and business leaders open up lines of communication that will help organizations eliminate waste and run more efficiently.
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