

## Functional business problem solving

### SI IPL Business Insight

#### Introduction

Modern organizations are a collection of processes that when linked into definitive value chains meet a business goal. Owing to collaborative working methods, tools and role complexities, most processes cannot be taken purely to represent a single functional area.

Since processes enable completion of business tasks quickly and efficiently, they need to be revisited and refined to optimize organizational efforts that respond to markets and customers.

Functional units in organizations e.g. engineering, human resources, finance, purchasing etc provide the basic platform and rules under which people and processes operate. Since the output of one unit could be linked to another, handoffs need to be very well defined to avoid any gaps and breakdowns and need to be clear so that it can be understood by all levels of people.

Given the speed at which organizations need to respond to market situations today, it is important to keep functional units lean, effective and competitive.

#### Need for the external perspective

Management teams have several sets of organizational priorities and given constraints of resources, time and money, often tend to delay or undermine 'fine tuning' functional units proactively and when issues surface, tend to take decisions that may be sub-optimal to the situation.

Organizational situations such as growth, change, diversification, divestment etc. call for functional units to function at different response levels, efficiencies, cost structures and risk taking. This is possible only when functional units are made resilient, nimble and adaptable and can take decisions in very short time frames.

Bringing in an external facilitator to study functional challenges and work with small organization focus groups provides an efficient bridge to boost management efforts in 'fine tuning' the functional unit and identifying / resolving potential conflicts.

#### Developing the functional competitive edge

While organizations compete at the macro level, it is important to learn to compete effectively at the functional unit level as well. This calls for getting external perspectives, knowledge of industry practices and assimilation of new knowledge elements in a cost effective manner.

Functional units need to regularly 'bootstrap' ideas and experiment – this is what helps keep the work unit

open up and study different aspects of organizational situations, simulate problems and work with multiple solutions to get to a reasonably workable set of options.

While organizational goals need to be sharp, vivid and easy to understand, functional units need to be responsive to external changes in the market and environment to ensure that the goal alignment continues despite the change in external factors (e.g. input material and labor costs, regulatory mechanisms, price determination etc).

For an organization to meet its overall business goals it needs practical and clear measures – such measures need to translate down to the functional units as well so that the organization is able to strike a balance across its costs, resource allocation, quality of deliverables and productivity.

Operational excellence today revolves round combining process efficiency, people skills, technology and cost management to achieve the desired level of throughput from any business function. This needs benchmarking organizational functions with peer organizations as well to optimize resources.

#### In summary.....

Organizations need to constantly compete in the market and differentiate their offerings – to do so with rapidly changing market and customer dynamic, flexible and responsive functional units are key components to ensure success.

For organizations to manage change, growth and other environment driven changes, functional units need to be aligned to the organizational business goal through tightly coupled processes and shared metrics. To facilitate effective decision making, metrics need to be driven down to the lowest possible level in the organization.

Functional units often become large, diversified and independent (e.g. procurement, logistics, quality, engineering, human resources etc) as organizations grow and expand and almost need to be handled as an independent sub-entity.

Functional units often have their own challenges and need special care and attention since they could often become showstoppers to the organization. For this problems need to be resolved near real time so that the organization productivity does not suffer.

An external specialist facilitator helps define clear problem statements for the functional unit; analyze short term fixes and solutions; evolve activity plans and roadmaps; recommend process changes, tools and technologies; work through issues and conflicts until they are resolved without an internal bias and bring in fresh perspectives from the industry.

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