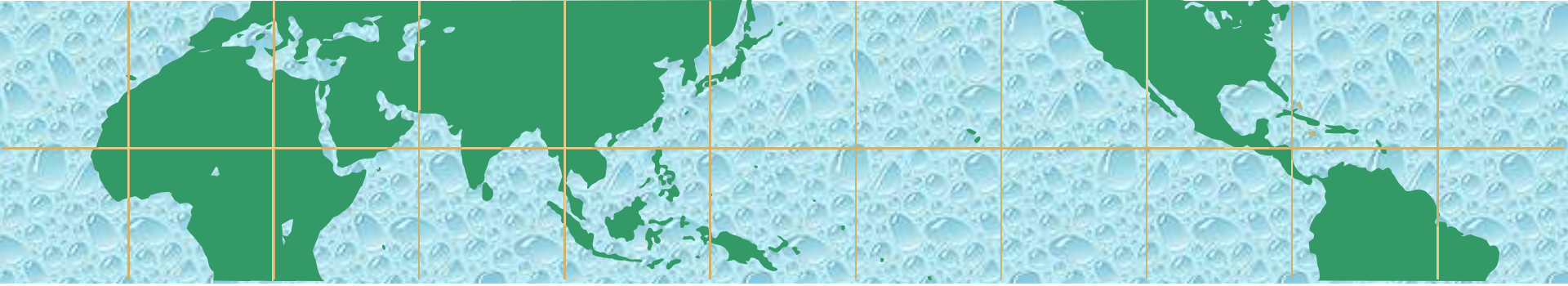

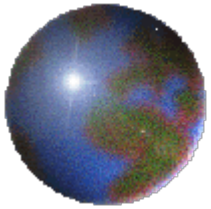

Beyond Technology: The Human Challenge of The Boundaryless Organization

Ron Ashkenas

Managing Partner

Robert H. Schaffer & Associates

Stamford, Connecticut

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"A very important contribution to the emerging thinking on preparing for competing in the future." —C. K. Prahalad, co-author of Competing for the Future
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HBR CASE STUDY
The merger between two pharmaceutical companies generated headlines first—and then headaches. One reason: CEO Steve Lindell has two executives for every available slot. As the stock price drops and talented people head for the exits, he must quickly decide whom to keep and whom to let go. Pass the aspirin.
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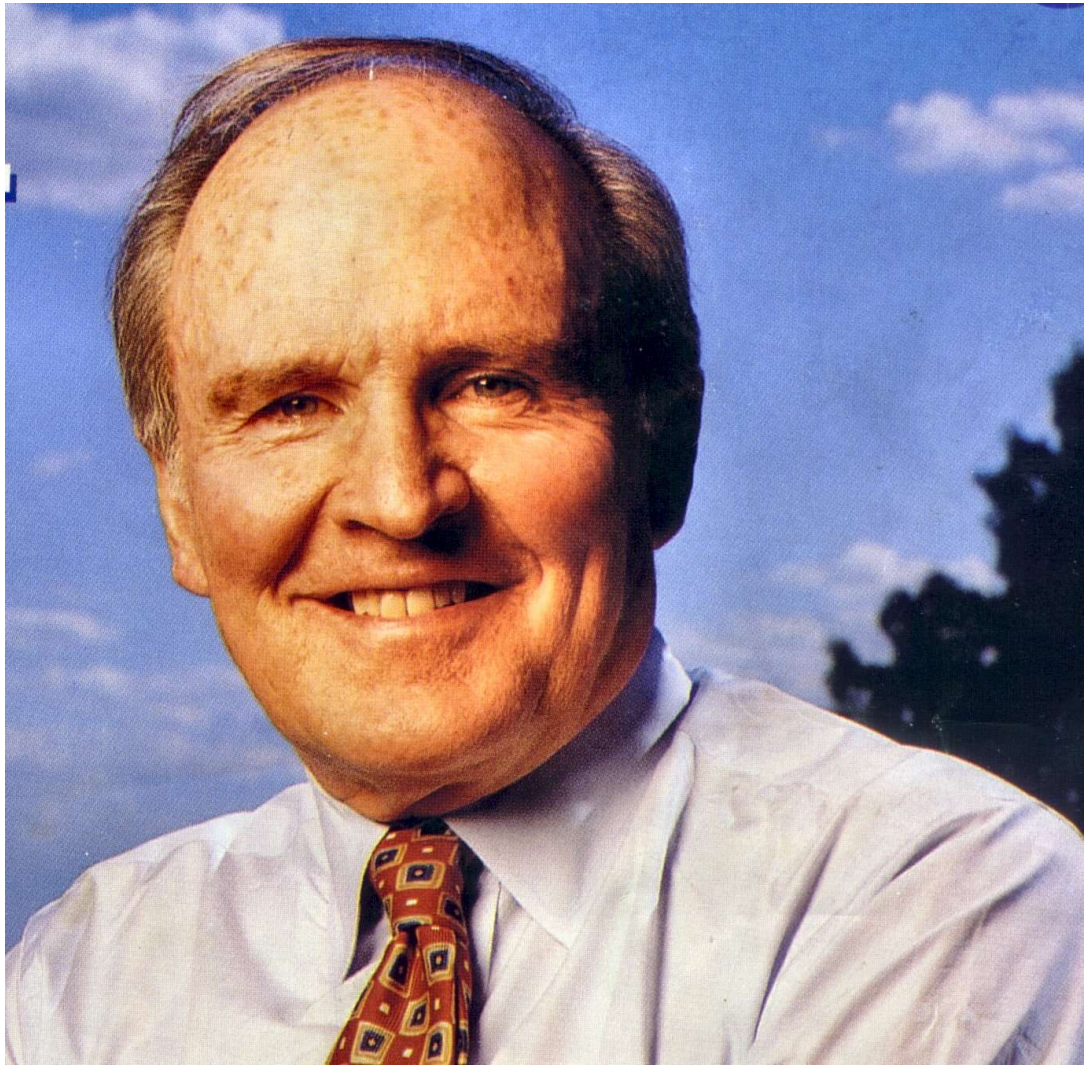

"Our dream for the 1990's is a ***boundaryless*** company where we break down the walls that separate us from each other on the inside and from our key constituencies on the outside." GE Annual Report, **1988**

"Our social architecture involved the cultivation of what we call '***boundaryless***' behavior."

GE Annual Report, **1999**

"The ***boundaryless*** company…would remove all the barriers among the functions…it would recognize no distinctions between domestic and foreign…it would make suppliers and customers part of a single process…it would eliminate the…walls of race and gender…it would make heroes out of people who recognized and developed a good idea…it would open us up to the best ideas…from other companies..."

Jack: *Straight from the Gut*, **2001**

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CNN
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Telco
Satellites
Internet
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FedEx
Satellites
Personal Computers
Laptops
Open Architecture
Groupware

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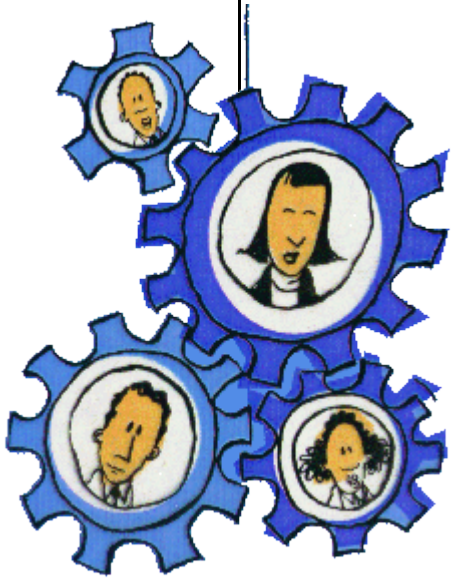
New Way of thinking About Organizations

Mechanical View



Biological View

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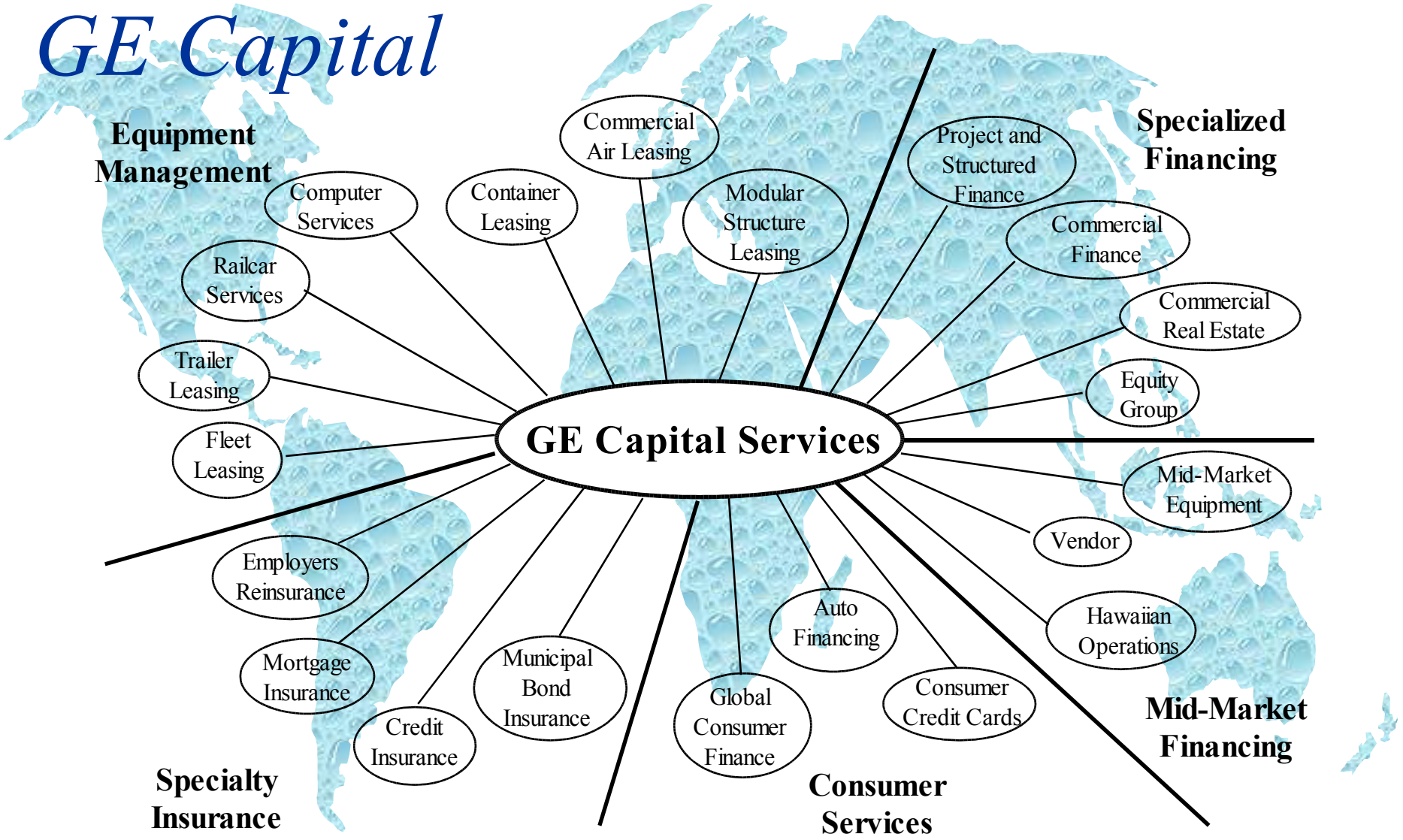
GE Capital


Equipment Management
Computer Services
Railcar Services
Trailer Leasing
Fleet Leasing
Container Leasing
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Modular Structure Leasing
Specialized Financing
Project and Structured Finance
Commercial Finance
Commercial Real Estate
Equity Group
GE Capital Services
Mid-Market Equipment
Vendor
Hawaiian Operations
Mid-Market Financing
Auto Financing
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Global Consumer Finance
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Mortgage Insurance
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Specialty Insurance

F's Exercise Worksheet

Finished files are the result of years of scientific study combined with the experience of many years.

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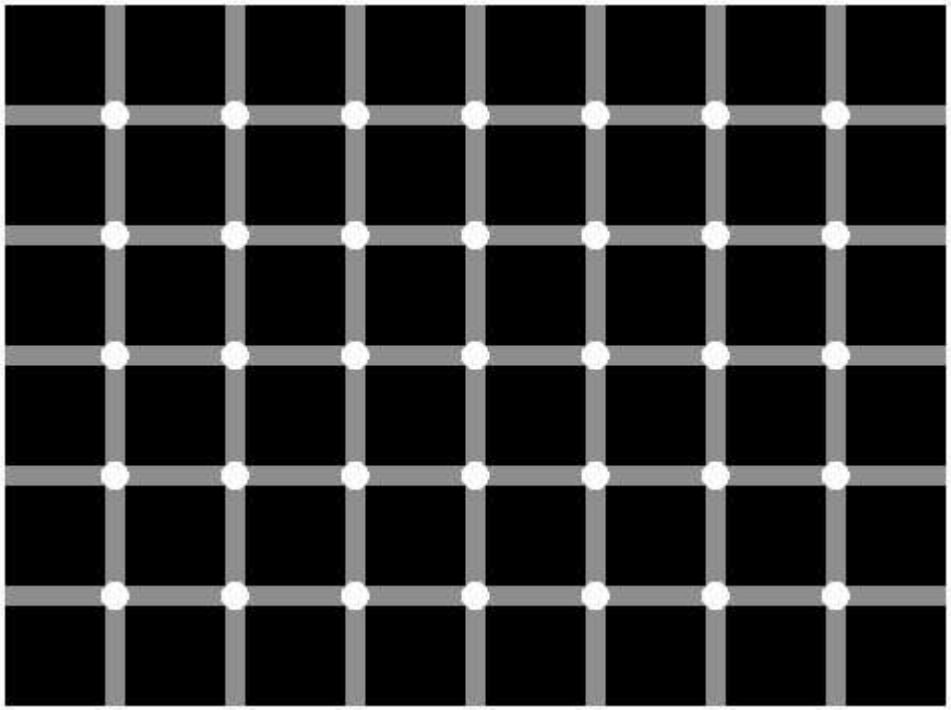
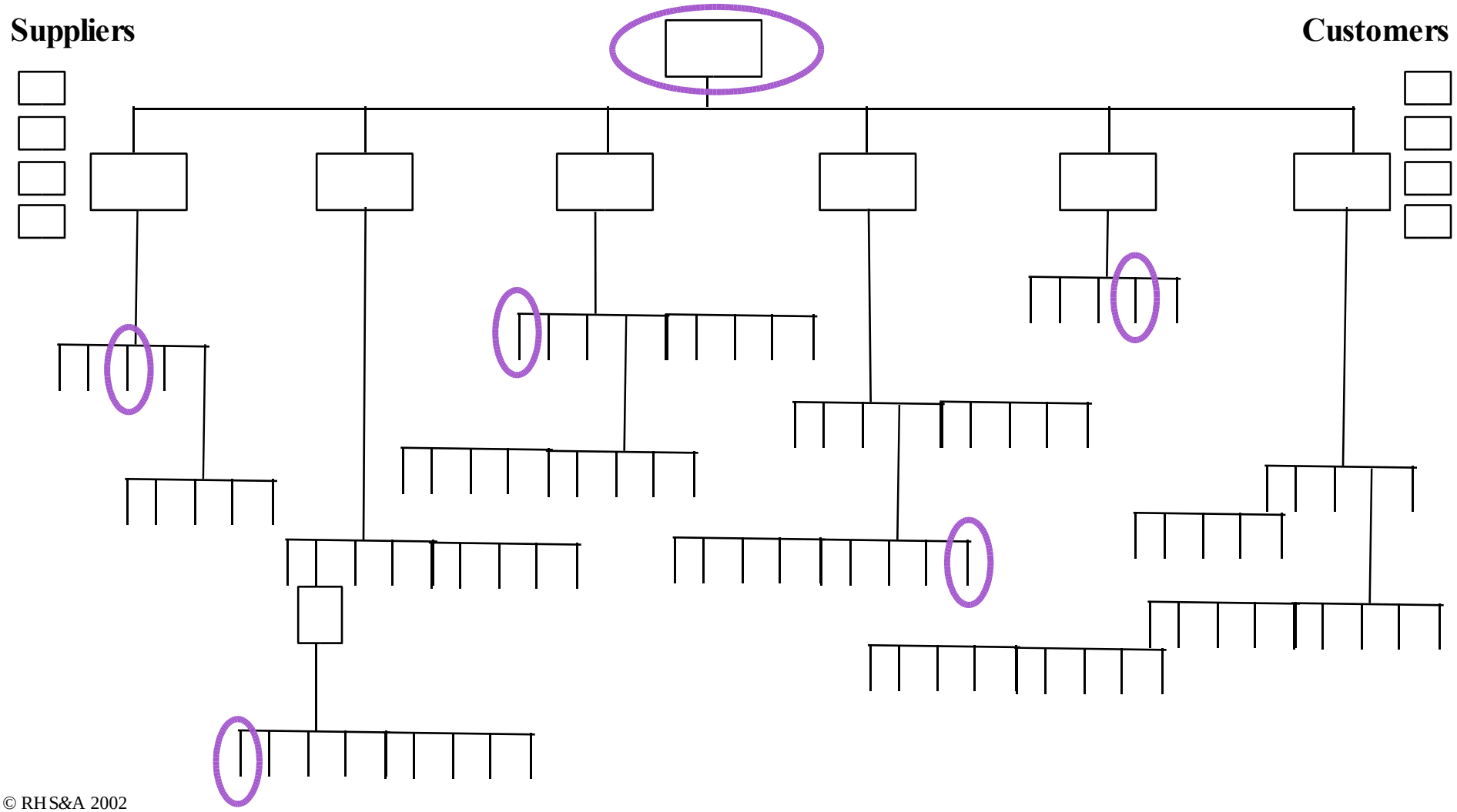
Count the little black balls….



Traditional Structure



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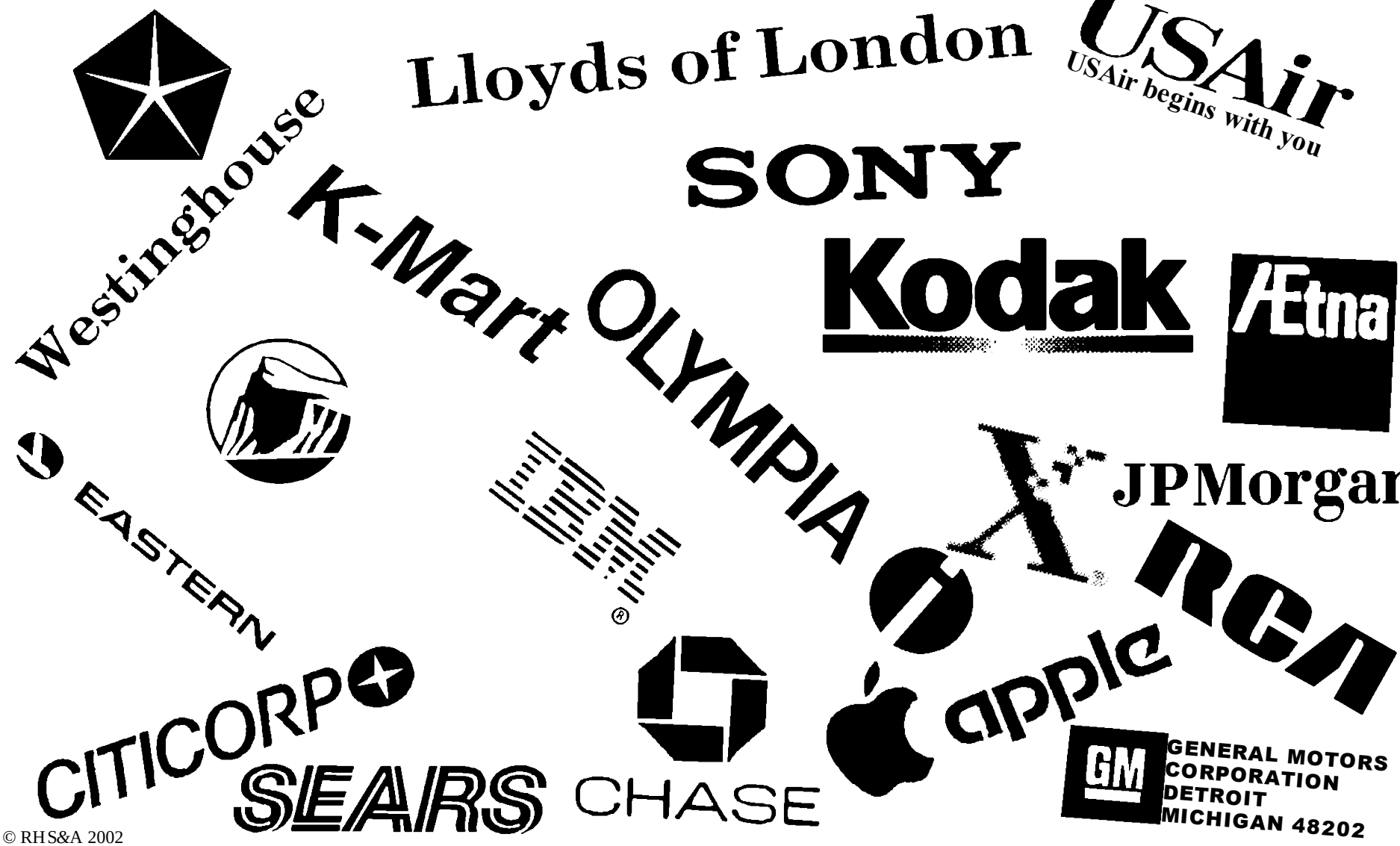
When the Invincible become Vincible:



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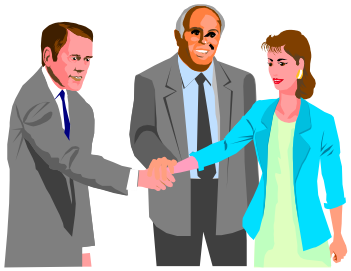
A Whole New Game



New relationship with **Customers**

New relationship with **Employees**

New relationship with **Partners**

New relationship with **Time** and **Space**

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Changing Success Factors…

Old

- Size
- Role Clarification
- Specialization
- Control

New

- Speed
- Flexibility
- Integration
- Innovation

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Preoccupation with Structure Not the Answer

What role should headquarters play?
How many job grades should we have?
How much authority should we give the field?
What's the span of control?
Who reports to whom?
What's my job?

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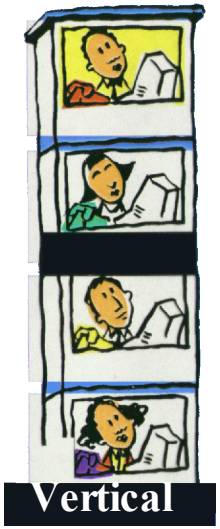
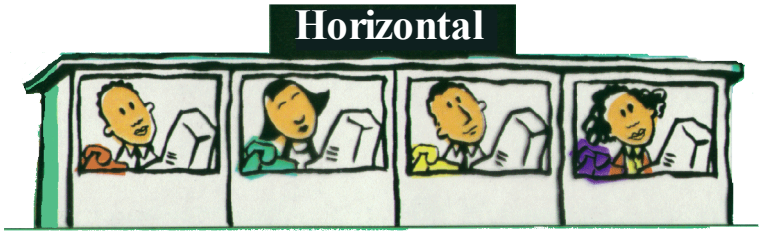
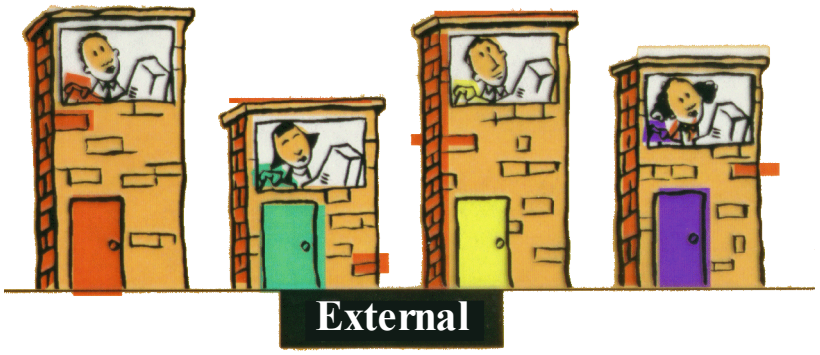
Four Types of Boundaries







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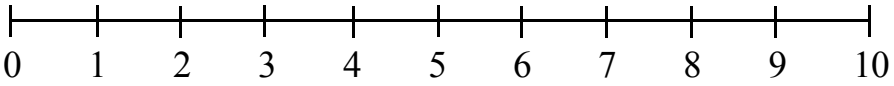
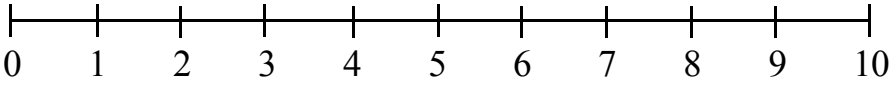
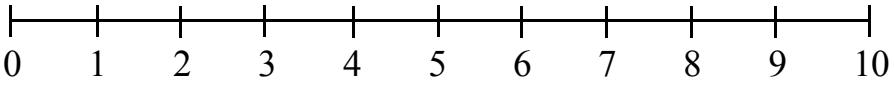
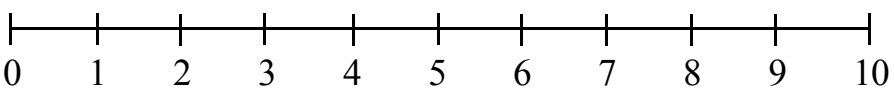
A Boundaryless Experience…

How Boundaryless is Your Organization?

For each of the boundaries listed below, place an "X" where your company is today and an "O" where you think it needs to be to survive and thrive in the coming years.

	Rigid ... Permeable	Gap Score (O-X)
1. Vertical		
2. Horizontal		
3. External		
4. Geographic		

Which boundaries have the greatest gaps between where you are and where you need to be?

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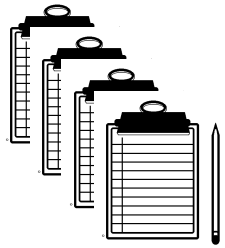
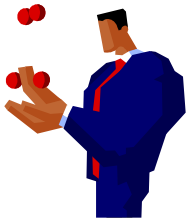
Four Organizational Levers

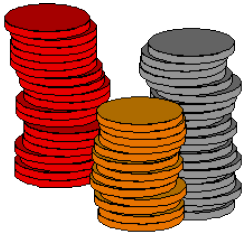


Information



Capability

Authority



Rewards

Challenge: Integrate These Levers

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The Most Powerful Lever…

Dialogue

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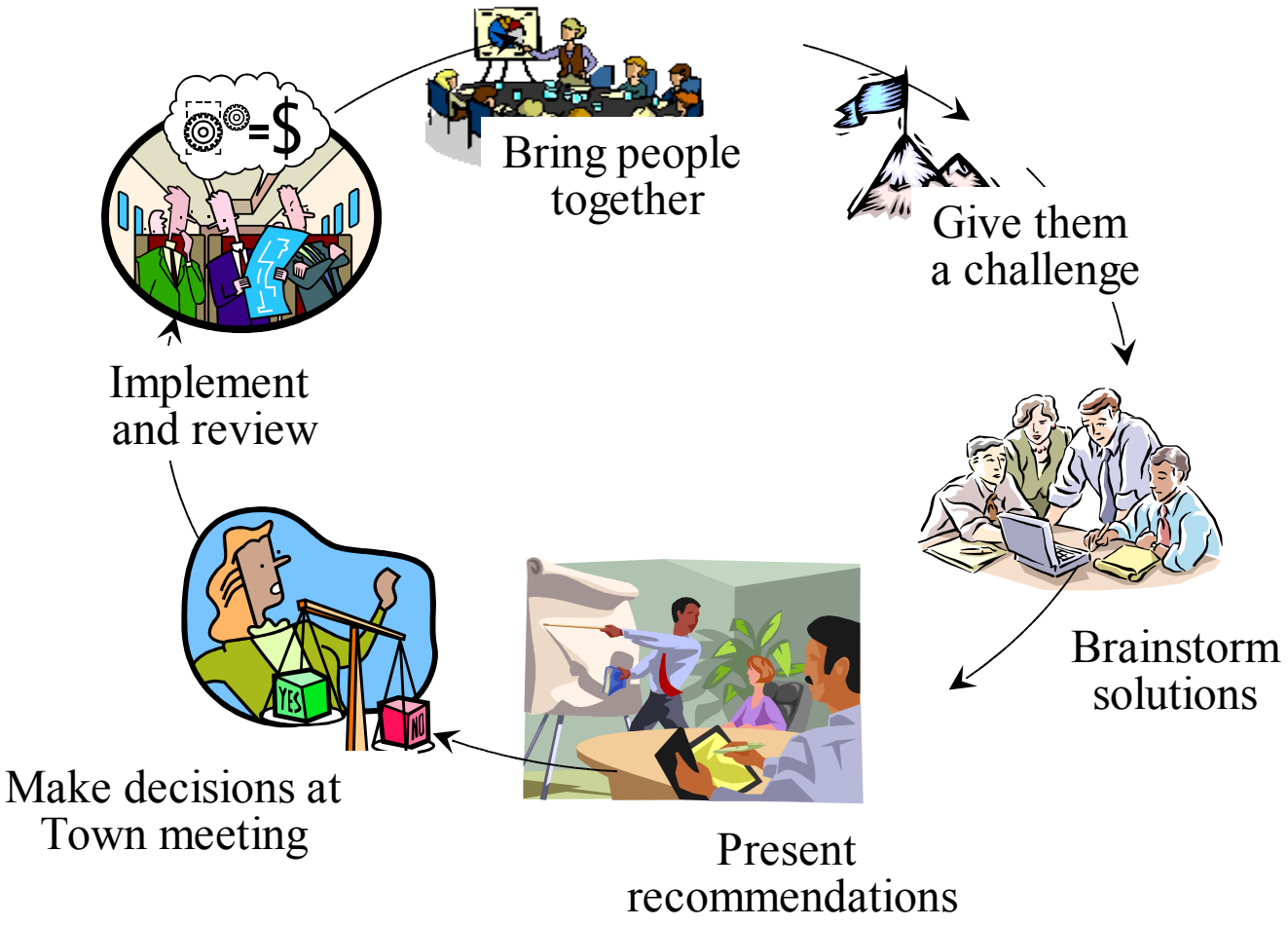
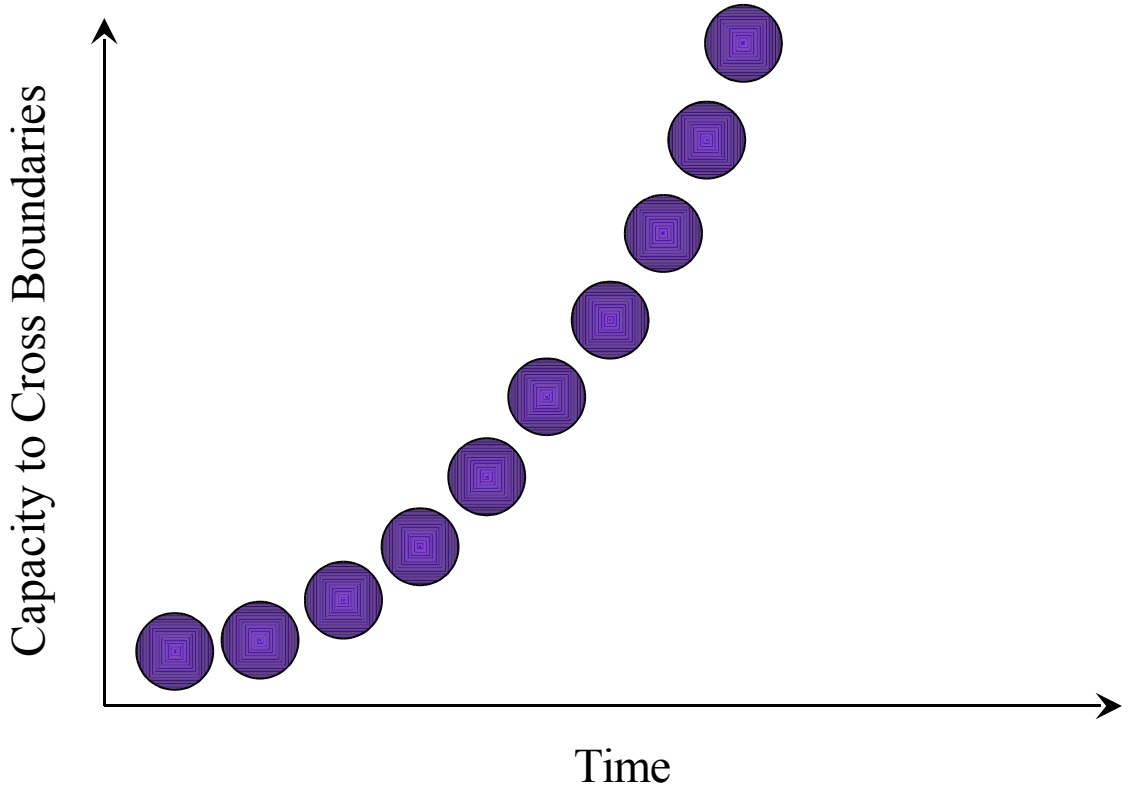
GE WorkOut: A Process to Drive Dialogue



From Unnatural Acts in Unnatural Places…
…to Natural Acts in Natural Places



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What's the Potential?

- Suppose the following changes were to occur in your organization:
  - People "close to the action" had the information, competence and authority to make immediate decisions.
  - Functions collaborated with each other to meet customer or constituent needs.
  - Effective dialogue occurred with customers, suppliers, constituents and others outside of the official organization.
  - Innovative ideas were quickly transferred from location to location.
- How much improvement in performance might result

  A. Less than 10% **B.** 10%-30% **C.** 30%-60% **D.** Over 60%
- What would be the impact on employee satisfaction

  A. Not much **B.** Some **C.** Significant

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