

Whitepaper

# DISMANTLE SILO MENTALITY

Knowledge management and  
employee networking as  
a competitive advantage





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# Silos and COVID

## The new normal turns the daily routine on its head: Working from home is the new standard

Communication with colleagues is not a by-product of everyday office life, but the spice of life in daily routines.

In addition to business meetings, informal conversations between employees play a particularly important role.

Personal exchanges lead to mutual inspiration and, not least, to new ideas. Even a little small talk can sometimes be worth its weight in gold. In any case, the basis for innovation is the exchange of different perspectives, for example during a chat in the kitchen or a conversation in the elevator.

2020 has fundamentally turned the "new normal" on its head:

Working from home has become the standard. And nothing has changed as much as communication.

But for all its advantages, the trend toward mobile working also has some downsides. The quick exchange in the hallway, the short coordination from door to door or the business lunch on the current front-burner project: All of this is no longer possible when everyone is sitting at their home computers.

This not only affects the way people work and their productivity, but also their well-being

### Increasing silos

Increasing work from home leads to internal silos forming or becoming entrenched: Often, strictly timed meetings and working hours mean that the spontaneous, yet very important exchange and transfer of knowledge between different departments and locations go completely lacking.

### Burnouts working from home

Since the end of 2020, cases of home office burnout have increased. Private and business matters can no longer be separated so easily, and since our return to "status quo" is unforeseeable, employees' anxieties also increase. In addition, conversations about these fears with colleagues is no longer as frequent (HBR, 2021).

### Agility is lacking

Two of the most important factors in successfully surviving the COVID crisis as a company are agility and fast decision-making. According to a 2020 McKinsey study, the biggest obstacles to this are internal silos, unclear corporate strategies and slow internal decision-making, which have developed or been reinforced by COVID.

# When silos become a problem

## What are silos?

When we talk about "silos", we get an image of a house-high, massive storage facility.

Often there are several silos directly next to each other without so much as a window for a common connection. Different building materials or types of grain are stored there, for example, in isolation. The analogy to the much-discussed silo mentality that still prevails in companies today is obvious. Just think of organizational charts that reflect organizational units. Linking between departments?

No such thing. The consequences are clear: There is a lack of coordination and collaboration across business units and hierarchical levels. Not to mention locations or country borders.

This means that there are neither personal conversations with other departments taking place nor business-relevant information communicated. Employees' "knowledge resources" cannot be fully exploited if they keep their knowledge to themselves. But more than that, they are often only able to contribute a fraction of their competencies even at their original workplace.

Sometimes, not even their boss understands which skills and know-how they have at their disposal.

If there are no points of contact, product management may lose contact with sales, which can have drastic consequences for sales figures.

Or IT may not be in communication with production. As a result, there is a risk of technological misdevelopments.

## Where does the term 'silo' come from in a business context?

The term 'silo thinking' originates from the turn of the century, during which the division of labor was introduced in many production facilities. Each employee was assigned to one area and specialized in it, which led to efficiency and speed advantages.

## Research findings:

In organizational research, silo thinking is also referred to as an "organizational dysfunction and fragmentation". Thus, silos are not only behaviors observed in practice, but in turn become concrete hurdles and problem triggers.

## Good to know:

The contents of the respective Silos - for example in agriculture or the construction industry - are often later used together.

## 2. When silos become a problem

### How do silos arise in a business context?

#### Digitalization and globalization

Fueled by digitalization and globalization, companies have to withstand increasing competitive pressure. The focus is often on internationalization and innovation. The interplay of performance and productivity can quickly leave interpersonal communication by the wayside because a company has only limited capacities. In addition, intra-organizational competitive pressures can arise, creating ambition and motivation for greater efficiency. In the rarest of cases, however, there is capacity to additionally contest the internal competition.

#### Strictly divided departments

Departments that are strictly separated, either formally or by their activities, create organizationally anchored silos. Such as: sales only handles sales, production only handles production, and so on, so that only a few interfaces exist between them and even these are kept very limited. But if they have different KPIs, it can quickly lead to misunderstandings and misplanning.

For example, the design department of a car manufacturer wants outstanding and innovative designs, while production is focused on producing the best possible and most cost-efficient quality. Here, business processes along the entire chain are poorly interconnected and integrated.

#### Company culture

Another aspect is corporate culture, which can also be divided into silos. In most cases departments, have their own goals, ideas, processes, and values. They usually stem from the respective professional fields, where IT, for example, pursues different procedures and values than the HR department. These differences are natural and usually make sense because they improve and reflect the work processes for the respective job. However, they can become a problem if not all employees share the same overarching goal.

A shared vision strengthens employee engagement and motivates employees to actively participate in the company and its decisions and to funnel their motivation into its activities. If everyone is pulling in the same direction and working towards the same goal, such as the successful completion of a project, there is a much greater sense of togetherness and a positive attitude towards colleagues.



## 2. When silos become a problem

### Are silos always a disadvantage for businesses?

Silos in companies represent different departments that specialize in one area, like Sales and Finance. In principle, specialization is a sensible thing to do, because it's what makes top performance and high efficiency possible in the first place. And yet it's essential that everyone in the company pulls in the same direction on fundamental issues and that they are working toward congruent goals.

To a certain extent, silo thinking is unavoidable. After all, all colleagues can never coordinate all tasks with each other or share all their knowledge.

The question is, to what extent and in what form the phenomenon spreads.

There are some behaviors and mindsets that indicate unhealthy silo mentalities.

Regular "employee experience" surveys can help uncover whether silo mentality is present in your company based on specific criteria.

These include:

Lack of interfaces  
between departments

Little or no firmly established  
contact between  
departments

Little trust in other teams

A mentality of working  
against each other instead of  
with each other

The preference of one's  
own department over others

Prejudices against  
other divisions

## 2. When silos become a problem


### What types of silos exist?

To understand why silos are a barrier to agility and knowledge-sharing, it's important to illustrate the different types of silos that can occur in organizations.




#### Mind/ Mentality Silos

- Different cultures and ways of thinking from professional fields
- Personal social and cultural silos
- Little interaction with colleagues who are professionally, socially, and personally different



#### Information/ Knowledge/ Data Silos

- "Our information": information as a possession
- Lack of information exchange
- Competition for and restriction of information and data
- No access to relevant databases & systems
- Who has the right info? No transparency about knowledge/information pool
- Who makes decisions? Lack of allocation of decision rights
- Lack of active release of information that harms the company



#### Organizational Silos

- Strictly separated functional areas
- Few interfaces
- Passive, little present corporate culture
- Little informal exchange



## 2. When silos become a problem

### Why do silos limit knowledge transfer and agility?

Knowledge-transfer and agility in a company are only made possible by communication. Internal silo mentality contributes to failure of communication between departments, that it rarely or never takes place and collaboration cannot be enabled.

In general, six types that block collaboration can be distinguished (MIT, 2020).

The nodes represent different employees from the same or different departments, the lines represent communication channels.

#### Hub-And-Spoke Networks

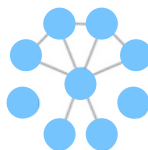


Strict hierarchies

Spoke structure

- Depending on superiors
- Inhibits innovation
- Overloaded superiors

#### Disenfranchised Nodes

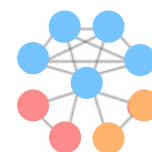


Lacking trust

Employees excluded from processes

- Marginalized employees
- Inhibits access to information
- Negative effect on performance and retention

#### Misaligned Nodes

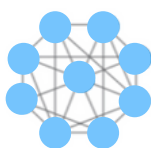


Formation of small groups

Misaligned linkages

- Splinter groups
- Slows down performance and speed
- Endangers project success

#### Overwhelmed Nodes

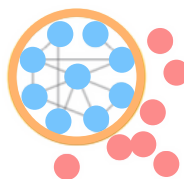


Fear of decisions

Too much work divided among individual employees

- Employees cannot meet all requirements
- Too many compromises
- Long-term: burnouts

#### Isolated Networks

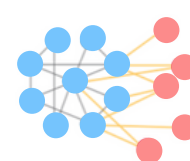


Pressure to perform

Isolated group of decision makers

- Imaginary hurdle around inner circle blocking ideas and resources from outside
- No integration

#### Priority Overload



No strategic communication

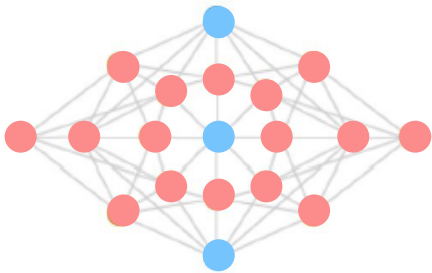
Priority overview for tasks is missing

- Requirements from inside and outside the area of responsibility
- No clear prioritization



## 2. When silos become a problem

### What does successful collaboration look like?



According to Deloitte (2019), an optimal collaboration structure may look like this. However, it should always be noted that this depends on the structure of the company and cannot be generalized. Nevertheless, there are three basic rules to keep in mind:

#### 1. Roles

There are three roles within companies or even departments that are important:

The Center: These people hold the network together and coordinate within their own department and with others.

Knowledge brokers: Have a lot of experience or a position where knowledge flows together. It is important that these individuals network externally to share their knowledge with other departments.

The Decentered: Is not widely networked and has only one or a few internal contacts. These individuals need to be identified and engaged to avoid the loss of talent and knowledge.

#### 2. Analysis

Since both the structure of the collaboration and the roles involved differ in every company, it is important to identify them. Despite the fact that organizational charts are usually available, employees often don't know whom exactly they should contact. Therefore, it's essential to record not only the hierarchical position and job title of each person in such a chart but also their areas of expertise and specialist knowledge. It is also important to identify not only formal opinion leaders; there are always some informal ones colleagues ask for advice and feedback. Drawing connections between disciplines and roles help to highlight existing communication threads and identify missing ones.

#### 3. Exploit potentials

After analyzing roles and communication strands, it is important to fill existing gaps. Networking is indispensable in this context: only in this way can all potentials be used, knowledge shared and decentralized employees and departments integrated.

But what are the concrete effects of successful or unsuccessful collaboration on the fulfillment of corporate strategy? And why is collaboration so essential, especially in times of crisis such as the COVID pandemic?

## 2. When silos become a problem

// Leaders say silos, slow decision-making, and lack of strategic clarity are the biggest barriers that impede their organizations' speed.

McKinsey Research 2020

Despite all the difficulties that COVID entails for the economy, there are some companies that are coping significantly better with the situation than others.

A study by McKinsey at the end of 2020 uncovered the reason:

Internal silos, unclear strategy, and a slow decision-making process.

### **Why is knowledge exchange important for company strategy?**

A strategy consists of different components that must not be considered in isolation.

These components ultimately help to achieve a leading position in the market.

One of these important components is the resource of knowledge. The exchange of knowledge through

cross-departmental communication and networking is therefore essential:

First, in order to make clear to each and every employee what an important role he or she contributes to success. Second, to share knowledge in the form of experience and a holistic overview.

A strategy can only be implemented successfully if everyone is working in the same direction.

### **The effect of silos on effective decision-making**

Quick decision-making is important for a company to be able to react to environmental events such as the COVID pandemic.

Some companies were able to restructure quickly because of agile business structures:

"We reallocated talent across the entire bank and different lines of business, and we saw increased productivity from teammates working from home" (McKinsey, 2020, 4).

However, this decision was only possible due to the effective interdepartmental networking, the study discovered.

In the case of failure, the biggest barriers were slow decision-making and unclear corporate strategy, both triggered by internal silos.

Agility and knowledge management are just two important components for success.

In every case, the cornerstone of this is the employees.

But what effect do silos have on employees and the working atmosphere?

## 2. When silos become a problem

### Effect of silos on employee well-being and satisfaction

Silos are often the result of many years or decades of growth.

They are part of the history of organizations and have become part of their DNA.

This can impact the well-being and satisfaction of new employees over a more extended period or even during onboarding.

This is not only disadvantageous in terms of turnover and retention but also employer branding.

### Why employer branding?

A strong employer brand is demonstrably created by a good reputation, which can also generate a competitive advantage.

Employees play a major role in the creation of this reputation.

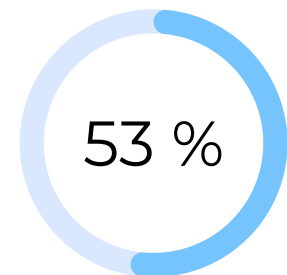
But how can a strong employer brand be built from within?

1. Real people and real stories: employees post about their successes on social media.
2. Online company community in which employees, but also other interested parties, can exchange information (subject- or interest-specific).
3. Personalization: HR doesn't stop at recruiting, but is more involved with the individual needs of employees

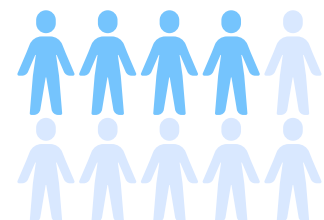
### Home offices and employee well-being

Since the beginning of the COVID pandemic, many employees have been working from home. This fact makes communication more complicated, and personal contact between one another is decreasing. In particular, informal exchanges and random brief conversations with colleagues suffer.

This can quickly lead to loneliness and frustration. In addition, it can inhibit discussing problems with superiors rises, since an official online meeting must always be scheduled.



Increase in the trend to quit due to poor work climate and environment  
(Working Institute, 2019)

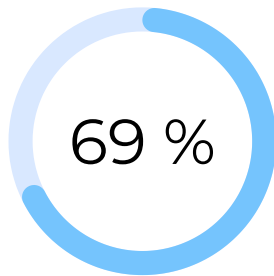


Every 4th employee quits within the first year. Reasons: They cannot identify with corporate culture and do not fit in socially  
(Haufe, 2019)

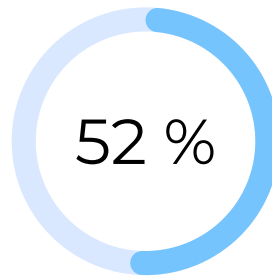
## 2. When silos become a problem

### Internal potential is not utilized

According to a 2019 study by Bearing Point, the biggest hurdles to transformation and failure to realize the potential in the company are the following:



Of the managers surveyed say that corporate culture is the biggest hurdle



Believe that cross-divisional collaboration is an obstacle in their company

#### Cost and competitive disadvantage

If silo mentality cannot be actively reduced in organizations, different situations can lead to high costs and thus to a competitive disadvantage in the market. When employees do not feel connected to the company, its purpose, and other colleagues, there is a higher probability of resignation. This causes costs in lack of productivity, recruiting, and on- and offboarding.

Employee turnover decreases significantly when the company is well-connected and people feel comfortable working for the company.

Especially these days, when more and more people are going into home offices, physical and especially psychological distance is increasing and the sense of togetherness and employee commitment suffers.

#### Loss of time

Strictly separated organizational structures often have the effect that long decision-making paths have to be covered in order to reach a final decision. The company loses valuable time, and thus monetary assets, if contact persons are difficult to reach in the decision-making process and there is a long wait for answers. This happens when there has been no previous contact with them

and information is difficult to find.

This "cost of internal waiting time" is enormous and has a negative impact on productivity. The McKinsey study on agility during COVID mentioned earlier shows how

**43,069 €**

On average, what the loss of an employee due to a resignation costs a company

(Wolf Consulting, 2019)

# Build a competitive advantage

In summary, silos impact not only corporate culture but also employee well-being and corporate financial performance, so it's important to break them down as quickly as possible.

## Effectively dismantle silos - even when working from home

It's important for companies to create connections, network knowledge carriers and bring colleagues to talk to each other. In a mobile working world, this poses a particular challenge: close communication is required - within departments and beyond. In the home office, this can become a problem if the technical prerequisites are not in place, the liaison persons are not clearly assigned, or the tools and software required for joint processing are not available.

Management and executives have a special role to play here.

At the same time, they must ensure that concepts are developed for breaking down silos. They are also role models with regard to an optimized corporate culture.

### Actively connect areas

#### Optimize processes

If each employee knows exactly what his or her task is, it facilitates cooperation. Clearly defined processes lay the foundation for this. It can be helpful to define the division and handover of tasks and process steps along a process map. In addition, areas of responsibility should be clearly defined and coordinated, for example with the help of the RACI technique (Responsible, Accountable, Consulted, Informed).

Home office: There are some very good project and process mapping tools (such as MIRO, TeamGantt, or Notion) that work cloud-based and also help to structure and optimize processes while working from home.

#### Human connectors

These employees actively establish points of contact with other areas and act as ambassadors for their own departments. For example, they can specifically present results and challenges of their own department in team meetings or coordination rounds of other areas. This makes it possible to jointly develop improvements in cooperation.

Home office: It's even easier to connect digitally to a web meeting than it would be on-site.

### 3. Build a competitive advantage

## 7 Ideas to foster networking

What specific measures can be used to better connect employees?

Initiatives usually require a lot of planning and implementation time, so here's a guide to activities that have a big impact on employee well-being and satisfaction as well as on company performance and employer branding.

#### Online team games

Effort ★☆☆☆☆ Impact ★★★★★

*Keywords: Employee well-being, connection*

**Reason:** Who doesn't miss it? Company barbecues in the summer, outings with colleagues or simply doing something spontaneous after work. Many platforms have now adapted to COVID and also offer activities virtually. Examples of this are online escape rooms or online quizzes. Very popular within the Mystery Minds team: playing video games together (after work, of course).

**Impact:** Strengthening the feeling of togetherness and promoting an exchange of interests between colleagues.

#### Virtual coffee breaks

Effort ★☆☆☆☆ Impact ★★★★★

*Keywords: Employee well-being, connection, knowledge management, dismantling silos*

**Reason:** COVID has almost completely eliminated the spontaneous exchange in the office kitchen. Virtual coffee breaks are a good solution for staying in touch with colleagues, even in the home office. But what if you could use these virtual coffee breaks to get to know colleagues you didn't know before? This helps break down internal silos while making everyday life more interesting! The perfect solution for this is Virtual Mystery Coffee.

**Impact:** The smart algorithm matches participants according to interests, departments or even completely spontaneously to enable networking and knowledge exchange even while working from home. Employees feel less lonely, cross-departmental knowledge is exchanged, and the working atmosphere is strengthened.

### 3. Build a competitive advantage

#### Internal “Thank You” channel

Effort ★☆☆☆☆ Impact ★★★★★

*Keywords: Employee well-being, company climate, process optimization*

**Reason:** Many employees feel lonely and burnt out when working from home. An overview of other colleagues' activities is often unavailable due to the lack of "gossip" in the kitchen.

**Impact:** A "thank you" on the intranet or internal communication channel (such as Slack) extended to employees or colleagues has a positive effect on the mood and the working atmosphere and helps us better appreciate colleagues' work.

Especially in the home office, this makes it easier to keep up to date with the tasks that colleagues are currently working on.

#### Virtual mentoring

Effort ★★★★★ Impact ★★★★★

*Keywords: Knowledge management, process optimization, company climate, productivity*

**Reason:** The demand for online courses has increased worldwide during the COVID pandemic, as many are using the crisis as an opportunity to further their education online. A virtual internal mentoring program can help share knowledge within the company and support colleagues. There are many different types of mentoring, but they have one thing in common: they bring people together to learn from each other.

**Impact:** Mentoring programs not only contribute to effective knowledge management but additionally promote a good working atmosphere and break down silos. Mystery Minds provides a tailor-made solution for this.

#### Interdepartmental activities

Effort ★★★★★ Impact ★★★★★

*Keywords: Connection, company climate, dismantling silos*

**Reason:** It's often sufficient to plan team meetings or breakfasts and other activities together with other departments. These joint activities are also easy to do digitally. In addition to traditional meetings, we can think of other extra-occupational activities, such as virtual wine tastings or even a cooking class.

**Impact:** This brings the participants together, creates a feeling of belonging, and thus strengthens the working atmosphere and the exchange of ideas.



### 3. Build a competitive advantage

#### Movie nights

Effort ★★★★★ Impact ★★★★★

*Keywords: Employee well-being, employer branding, company climate*

**Reason:** A movie night at home on the couch is nice, but can't replace a visit to the cinema with friends or colleagues, in the long run. During the lockdown, it can sometimes be boring within one's own four walls, and exchanges with others are missed.

**Impact:** Company-organized movie screenings via platforms such as Netflix Party or YouTube Party are a small investment for the company with a big impact on the well-being of employees, the working atmosphere, and employer branding.

#### Hobby clubs

Effort ★★★★★ Impact ★★★★★

*Keywords: Connection, company climate, dismantling silos*

**Reason:** Many companies offer their employees memberships in sports clubs, for example, to improve the work-life balance. Alternatives in COVID times can be cross-departmental interest clubs for stocks, books, sports or cooking.

This can be easily linked with the Mystery Minds matching platform: Colleagues with similar interests are found and networked.

**Impact:** Clubs create a sense of community and the cross-departmental exchange helps break down silos and connect employees.

#### Onboarding in times of COVID

The relevance of a good corporate culture for the well-being of employees has already been demonstrated. But how can you involve new employees remotely and connect them personally?

Here is our cheat sheet for onboarding new colleagues working from home:



# About us

Our goal at Mystery Minds is to make the digital world more human. With our solutions, we help companies master the challenges of the future- through better collaboration and personal networks, creating new solutions and interpersonal learning.

Give us a call and connect your employees!

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Back to the office?

Hybrid?

Or fully remote?

We will find the best solution for you to connect your employees, no matter where they work.

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