Are You Addressing the 'White Elephants' in the Room?

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The only thing you're likely to see a domesticated elephant do these days is stand on a ball at the zoo or paint a picture in a YouTube video. But for much of human history, the gentle giants have been used for everything from transportation to ferrying heavy loads to weapons of war. In strictly cost/benefit terms, having an elephant to help you out around the village was a godsend. Except, ironically, for the ones held sacred – the White Elephants. Deemed too divine for labor, they were given as gifts to denote status. And while they surely looked spectacular, they cost as much to feed and quarter as a working elephant, with none of the economic value.

Now, your organization might not run on large quantities of grass. Your internal functions probably don't include "besiege that fortress." That doesn't mean, however, that your business is immune to White Elephant functions – those that require ever-limited resources from your organization yet are deemed too valuable to investigate for efficiency or productivity. It's often these very functions, those considered "too sacred" to question, that require the most scrutiny when evaluating the overall health of a business.

In our experience working with organizations of every size, structure, and industry, we've found White Elephants where leadership was either unwilling or unable to evaluate themselves. This isn't to discredit them, of course – when you're working from the inside, that is your world, and it is hard to see how it could operate any other way. But, when the shroud of importance is removed, and the organization is looked at holistically from above, there are undoubtedly some large, albino pachyderms hiding in the mix.

Where They Like to Hide

Any function can be a White Elephant if left unchecked and uninvestigated, and the structure of an organization can influence which processes are overlooked when assessing efficiencies. We've found the areas that are deemed either "too complex" or "too important" to properly review are commonly Quality, Environmental Health & Safety (EHS), Sales, Finance, and Engineering.

Quality and EHS are the easiest to justify in neglecting to investigate. After all, environmental responsibility is an admirable trait for a company to show, and the quality of the product is often seen as an indicator of the quality of the company. Yet, despite the very visible, public nature of these processes, or perhaps directly because of it, organizations frequently overlook them when assessing company health. In a sense, they're paradoxically deemed too scrutinized to scrutinize; the perceived risks involved with change often preclude the opportunities to improve.

If Quality and EHS are mistakenly seen as too visible to investigate, Sales is often regarded as too mysterious to accurately diagnose. It is a team of people going out into the marketplace and doing what they do – espousing the competitive advantages of the product with their unique, unquantifiable charm. But the sales process isn't the same across every industry. Marketplaces are constantly changing, and so too should the process of selling to their needs. A great head of hair and a winning smile may seem like an easy fix to declining revenue, but there is often an underlying flaw in the entire process that, when properly addressed, leads to a more effective, consistent Sales function.

When it comes to Finances, avoiding investigation often seems like it's born out of pure denial – how could the process charged with the financial wellbeing of an organization be, itself, a detriment to it?

If it is keeping other processes in check, surely it is functioning efficiently. The fact is, financial analysis is a non-revenue-generating aspect of an organization and needs extra scrutiny in evaluating its efficiency. After all, spending a day to uncover an hour's worth of loss is hardly a win.

The final process often overlooked, Engineering, is usually ignored because it is thought to be too valuable. Engineering personnel are frequently among the most highly valued in an organization, and expenditures on things like R&D and new products are critical to a company's future competitiveness. However, value does not exempt an organization from inefficiencies. The solution is in a review of an organization's strategic priorities. With those clearly delineated, it's possible to see how the performance of the Engineering function relates, and compliments, the overall goals of the organization.

How to Find Them

When assessing the efficiencies and problem areas of an organization, leadership often makes the mistake of reviewing from too high up. And who can blame them – surely a 7-ton White Elephant would jump out at you if you took the time to look. But identifying where there is a problem doesn't tell you why it's there. To understand that, we must get closer.

The first step in determining the health of any function within an organization is establishing a baseline. How is it supposed to work, from the bottom up? How does it work in practice? Does every leadership team understand the role of their function within the organization, both strategically and financially? Though these questions may seem simple, it's often the case that a fundamental misalignment or misunderstanding in these roots is the cause of inefficiencies in the function at large. Only through establishing a line of open, honest communication with leadership teams can an organization challenge them to recognize opportunities within their business function to run more efficiently and, in turn, implement solutions.

Getting Rid of Them

Unfortunately, White Elephants don't play by hide-and-seek rules – finding them doesn't eliminate them. Instead, once they're identified, organizations are left with the equally daunting task of removing them. And lifting an elephant is no one-man job.

At SLKone, we've helped leaders in organizations of every size, structure, and industry identify and address their White Elephants by:

- Instituting the Rule of Continuous Improvement

    No function within an organization is "sacred" enough to stagnate. The health of the business relies on constant optimization of all its parts.

- Establishing the Baseline Cost

    Inefficiencies can have a domino effect where poor practices in one area force another to adjust to meet it, further spreading the bloat and making it difficult to ascertain the true cost of a function.

- Reviewing and Developing Operational Metrics

Financial analysis can illuminate the need for action, but rarely will it provide actionable solutions. Each function needs a toolkit for identifying the strengths and weaknesses of its practices and procedures.

- Getting to the "Doers"

  Though every piece within a function plays its role, identifying the key parts is beneficial not only in understanding where the value lies but also in identifying areas of improvement – these "doers" will have no shortage of insights into how to best approach efficiency improvements.

- Review Upstream

  Due to the perception of these functions, the impact of changes in operations, or elsewhere in the business, are not always considered. As a result, these functions will adapt bad habits to support other improvements while sacrificing the overall good of the firm.

- Strengthening Project Management

  If left unattended, a newly optimized function can quickly become a White Elephant all over again. Changes and improvements made to an organization must be supported and monitored to avoid the same pitfalls.

Keeping Them Out

Once you have addressed existing White Elephants, the task turns to keeping them out for good. Complacency provides the breeding ground for White Elephants. Management teams should ensure that every organization participates in business review cycles. The work performed in an initial review should not become 'shelf-ware'; learnings from those reviews should be used to create a sustainable set of metrics and baseline by which the efficiency and value of every function is reviewed. This practice drives a cultural shift within the business that makes it difficult for sacred organizational functions to develop. In practice, we have seen this not only drive out cost but improve morale.

In the modern business world, the only thing sacred is productivity. There's no room for White Elephants. Let's make sure you aren't harboring any.