Front-Back Tools

STAR Lab
Socio-Technical Action Research Lab

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Front-Back Tools

❖ This challenge has to do with using digital technology to enhance customer-focus and responsiveness

❖ The success of delighting customers through the application of digital technology depends on the ability of the rest of the business to adapt to the new demands of digital customer service.

❖ These tools are intended to help raise awareness of the challenge and to provide useful guides to actions you can take to design a more customer-focused organization

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Front-Back	Customer Focus and Responsiveness	The success of delighting customers through the application of digital technology depends on the ability of the rest of the business to adapt to the new demands of digital customer service.
Helpful reading		Galbraith, J. R. (2011). *Designing the customer-centric organization: A guide to strategy, structure, and process*. John Wiley & Sons.
Tools	Description	Use
Key Insights	Takeaways from the Lab	Learn what companies thought was important to know about this challenge
Front-Back Model	Galbraith's Front-Back Model	Use this tool to explain the front-back model
Front-Back Challenges	Framework	Use this table to help people understand the front-back challenges of different digital business applications
The S-curve	Model	Focusing on either efficiency or innovation exclusively can cause trouble; why ambidexterity is important
Things You Can Do	List of actions	Some suggestions from the Lab about what your company can do to become more ambidextrous

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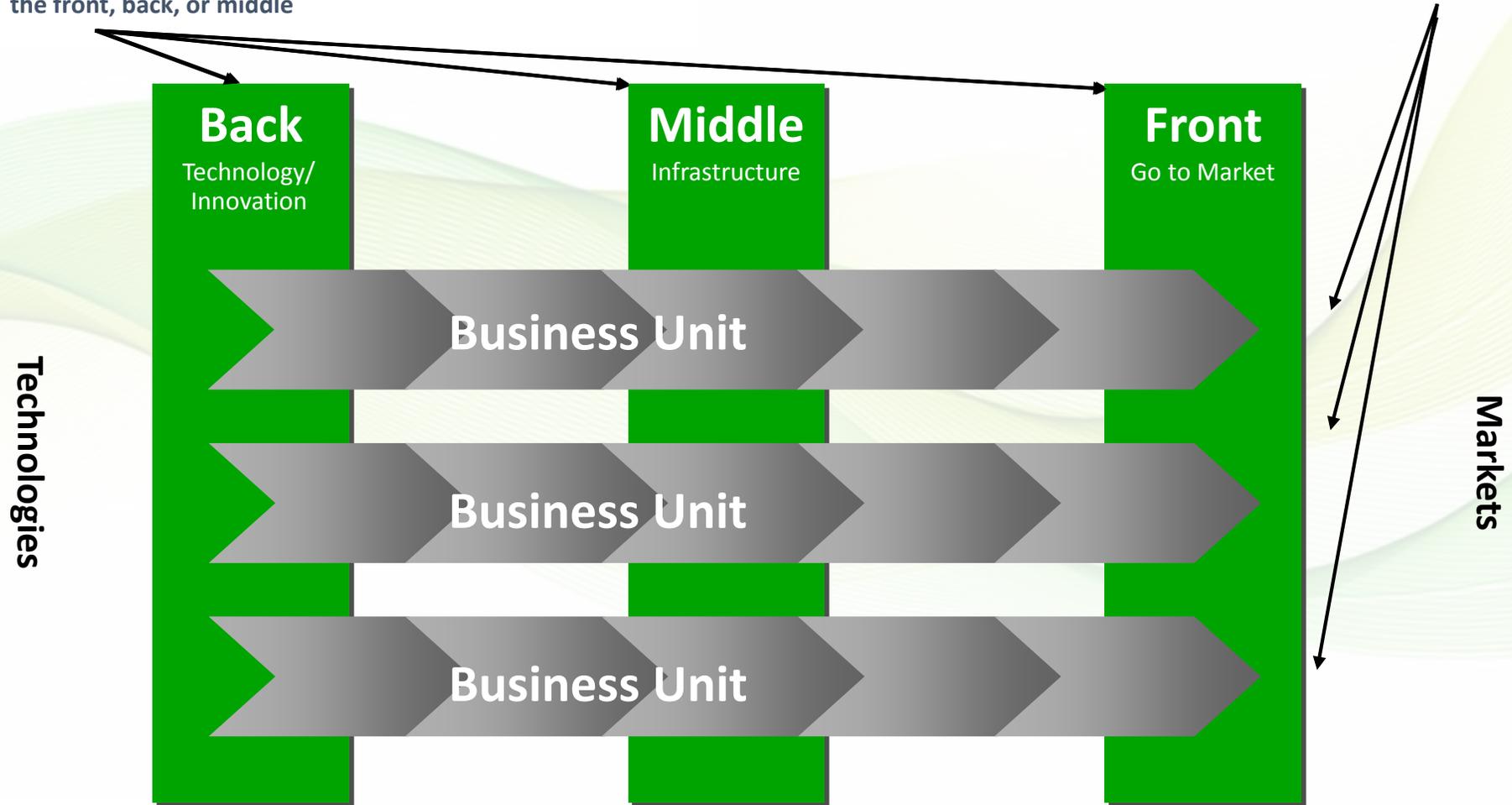School of Business
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Key Insights about Front-Back Digital Business Models

❖ The most critical challenge is matching the ability of the organization to produce and deliver (back end) products and services to the customer (front end) in a way that matches the digital business model. Organizations that are used to single channel distribution (brick and mortar, for example) often find it difficult to adjust to serve online and in-store customers seamlessly. New business models require new organizational arrangements and capabilities that are not always well thought out when digital business models are adopted.

❖ The issue is compounded by the fact that the front end culture is often quite different and rarely co-located with back-end operations. Front-back employees are rewarded differently (back for efficiency and production, front for sales and customer satisfaction) and hired for different skills (back for engineering and operations management, front for sales and customer-focused innovation), making communication between the two groups difficult. In some organizations, a "middle" organization handles planning to optimize the performance of the overall organization by matching back-end output with front-end demand generation.

Front-Back Challenges in Digitization

Digital Strategy	Back	Middle	Front
Create a B2C Online Business	- Inventory planning/ control. - New warehousing/ distribution systems required (think Fedex).	- New talent needed to design and operate new platform. - Coordinating pricing. - Optimizing online versus B2B investments. - Managing relationship with wholesalers.	- Online Customers expect to manage transactions across channels seamlessly.
Implement Self- Service HR	- Training requirements assistance with managing exceptions.	- Keeping the system up to date - Securing buy-in from leaders - Maintaining the integrity of decisions, ratings.	- Loss of HR support takes focus off the business and customer
Use AI/ Analytics to Enhance Services Provide to Customers	- Alignment of product availability with demand.	- Designing the organization to provide service as well as products	- Customers expecting services to come bundled with products.
Multiple Digital Products in Front, Middle and Back Simultaneously	- Constant changes in operational requirements.	- Difficulty in planning, executing strategies that affect the whole organization.	- Challenges with delivery. - Not having the resources needed to serve the customer.

Things You Can Do

❖ Bring people from the front (customer-facing) back (supply chain) and middle (support functions) together. Make a list of the key challenges that people are facing as they try to coordinate their work with one another.

❖ Create teams to work on solutions and meet back together to create an overall redesign that incorporates as many of the solutions as possible.

❖ Find ways to increase the agility of both the front and back of the organization. Remember that change is continuous and agility is more important than perfection. Experiment with different ways of increasing agility.

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STARLab Alliance, Inc.

The STARLab Alliance, Inc. is a non-profit learning consortium focused on creating next generation organization design and leadership models

The **Digital Organization Design STARLab** is a year-long learning experience that allows participants and subject matter experts to collectively explore and prototype practical and innovative responses to digitalization. STARLab Participants include 3-6 senior leaders from 10 companies, well-into the digital transition of their business models, who will partner with leadership and organization experts. The STARLab accelerates learning and creates organization design solutions that optimize the application of advanced technologies and human capital approaches to achieve agility and sustainable effectiveness.

STARLab Alliance Sponsoring Partners & Leadership

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