



## Insights from The Clarion Institute

# Centers of Acceleration vs. Centers of Excellence

By The Advisors of The Clarion Group

Companies throughout the U.S., both global and domestic, struggle with how best to provide high-level technical support and expert advice to their business units. Many organizations have tried to meet the challenge by establishing Centers of Excellence. More often than not, however, these pockets of expertise have failed to fulfill their promise.

As we at The Clarion Group have worked with our clients to help them achieve the leverage they want out of these centers, we've found it helpful to talk of Centers of Acceleration, sources of meaningful help that truly accelerate the progress of each business unit that takes advantage of them. Before we look at the characteristics of our Centers of Acceleration, let's examine what organizations set out to accomplish with their Centers of Excellence.

Centers of Excellence were originally conceived as shared services, where expertise could be aggregated for efficiency gains and made available to help business units. The premise was that certain functions had to be centralized because:

- Supply of the required expertise was limited due to market realities or company choice,
- The business units did not need the expertise on an ongoing basis, although they needed it to get started and for technical and strategic advice from time to time.

So the Centers of Excellence arose as a means of taking the specific, specialized expertise of a group and leveraging it across many business units.

The functions typically considered for Centers of Excellence were of three types: administrative functions (Benefits, Diversity, or Planning), functions more fundamentally rooted in the profit and loss equation (Research and Development, Pricing, or Marketing), or the highly technical functions embedded in any one of the broader functions (Benefits Design or Plastics Engineering, for example).

### What Went Wrong?

How is it that such a clear and obviously good idea was so often ineffective when put into practice?

In working with our clients, we saw that many of them were co-blending the concept of Centers of Excellence with traditional staff functions. The clients were frustrated because, although they knew the staff areas possessed the necessary expertise, the Centers were not able to share it effectively with the business units. To the contrary, the Centers actually seemed to be hampering the business growth of the units.

What we observed was that the problem lay in how the people in the business units perceived the Centers of Excellence. They tended to think of the representatives as "corporate staff" who had more of a control role than an assistance role. More specifically, we found that while the Center of Excellence people did possess the needed functional expertise, they also held enterprise-wide accountability for their functions. As a result, they tended to serve their accountability first, which necessarily interfered with their ability to reorient themselves to serve the business units. They

were simply too vested in their corporate-level initiatives and policies to listen to the business units and to understand their needs.

## The Result

The behavior that resulted was predictable. The Centers of Excellence staffers acted first to protect their areas of accountability by:

- Presenting themselves as the ultimate authority and decision maker;
- Dictating to business units what the units can or cannot do;
- Saying “no” without carefully examining the “what”; and
- Developing new enterprise initiatives without regard for whether they would help the business units achieve their goals.

When the Centers of Excellence representatives displayed this attitude, business unit managers started referring to the Center of Excellence people as the “corporate cops.” Needless to say, there was little value-added from this relationship.

## Place Your Bets on Centers of Acceleration

We found that when our clients freed the Centers of Excellence from enterprise-wide accountability, they could thrive. Some of them also positioned the centers as Centers of Acceleration, wanting the concept to emphasize that the groups support individual business units in a way that helps the units move forward.

We have found that Centers of Acceleration succeed when they serve at the will of the business units who pull them into their business concerns as needed and who look to them to expedite and accelerate their progress towards specific outcomes through their expertise.

Centers of Acceleration representatives succeed when they are empowered to behave in a way that reflects an intense desire to under-

stand the needs of the business unit; to aggressively find a way to support that need; to work “in the dirt” with unit managers to build the solution; and then afterwards to get out of the way, letting the business unit take the credit for its success.

In retrospect, the term Centers of Excellence seems a little passive for today’s business climate. We at The Clarion Group recommend you go with the more aggressive – and effective – approach we call Centers of Acceleration.

### An intention gone wrong:

A corporate HR Department – a Center of Excellence – has a compensation expert. This person is equipped to develop complex executive compensation schemes, considering tax law, regulatory concerns, internal equity, external competitiveness, and the specific behaviors and outcomes the business is striving to reward. So far so good.

But then the problems start. First, when the business unit has a specific compensation need, like an incentive plan for their sales force, this expert is not available to help because the enterprise-wide initiatives take priority. When she finally is available, her top priority is overseeing how the corporate incentive plans are administered by the business units. The helpful expert has morphed into the person who approves – or disapproves – of how the business unit has implemented the corporate program. Suddenly the helper has input into the business unit’s evaluations, and the evaluations of the individual managers. The dynamic has changed. The business units quickly move into the mode of figuring out how to please the corporate visitor while at the same time scheming around the person and/or program to create something under the table that better addresses their needs. While the CEO may appreciate that corporate control is being exercised, the reality is that the business unit is making less progress, not more.

## Setting Up Your Centers of Acceleration

Here are a few final tips for those who want to move toward Centers of Acceleration:

*Decide whether you want a Center of Acceleration or a staff function. Don’t try to mix the*

two. If what you are looking for is a staff unit, call it that.

*Keep your staff areas excellent.* Staff areas aren't bad; they just aren't Centers of Acceleration. They are necessary for many important purposes. Their positive influence can be persuasive and critical to enabling the enterprise in a transparent fashion even though their value-add is oftentimes mostly visible to the CEO and COO. At lower levels, managers often cannot see or experience their value. To counter this, make sure that all users are more linked to enterprise-wide initiatives and policies and that they see how and why they relate to the success of the business.

*Select only a few functions to be Centers of Acceleration.* It is imperative that a company select very carefully a very few – repeat very few – functions for Centers of Acceleration. Centers are expensive, and they aren't worth much if you don't staff them with your best people. Select a few areas that are truly needed as integral investments in support of the specialized expertise that can help grow your company's uniqueness in the marketplace.

*Keep the Center of Acceleration dedicated to the unit.* A Center of Acceleration should be a central resource or resources solely dedicated to facilitating the needs of the business units, thereby accelerating their progress toward their goals.

*No SLAs for COAs.* As soon as you demand that a Center of Acceleration sign an SLA, or Service Level Agreement (Has anyone seen them really work?) with business units, you have diminished the Center's role and behavior to that of a "bureaucrat" as opposed to an "accelerator." SLAs are meant for those activities that are repetitive and which require regular cooperation between a staff area and a business unit. They do not apply to Centers of Acceleration. Centers of Acceleration are more akin to consultancies; they do whatever they can in the time-frame provided by applying their expertise to the situation to help the client get done what they need to get done.

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