Optimizing Organizational Energy: Less friction, more Customer Value

Organizations rarely fail because they lack energy. They fail because they waste it or do not direct it where it creates value.

By **Organizational Energy**, we mean the collective human effort, knowledge, creativity, and commitment that an organization possesses in pursuit of its purpose. Organizations are systems that transform organizational energy into customer value. Their performance depends on how effectively they direct, harness, and convert that energy.

In physics, friction converts high-quality energy into low-quality, largely unusable energy—heat—increasing the entropy of the system and reducing its ability to perform useful work.

Organizations appear to exhibit an analogous phenomenon. Unnecessary organizational friction dissipates human energy through delays, ambiguity, conflict, and rework, leaving less energy available to create value for customers. The analogy is remarkably accurate.

Decades ago, Peter Drucker observed:

"Most of what we call management consists of making it difficult for people to get their work done."

Where should we look for major sources of organizational friction?

- Organizational structure, decision rights, and governance
- Processes, approvals, handovers, and bureaucracy
- Leadership, ineffective management, micromanagement
- Relationships, lack of trust, conflict, and organizational politics
- Cognition, different "languages," mental models, unclear priorities, and capability gaps
- Technology and systems that make work harder instead of easier

Identifying organizational friction

This suggests a new criterion for evaluating managers. A manager's value should not be measured solely by the results they achieve, but also by the amount of organizational friction they leave behind. Diagnosing accurately sources of friction enables more targeted interventions and ultimately increases the organization's ability to create value for customers. To reduce friction, we need first locate it. A critical question therefore becomes: Does the organization's culture encourage people to identify friction—or discourage them from doing so?

A well-known hospital study illustrates the point. Nurses who concealed problems that contributed to failures in patient care were often regarded as the most talented because they rarely complained and had become highly skilled at working around "broken" systems, creating the impression that they made very few mistakes. Those who raised problems, however, were frequently labelled as "problematic."

Is friction always undesirable?

Certainly not.

Friction can generate the spark of creativity that ignites new ideas and opens new paths.

The objective, therefore, is not **zero friction**, but **optimized friction**: minimizing the friction that wastes energy while maximizing the friction that creates value through innovation, healthy debate, learning, and experimentation.

This brings us to the crucial point: An organization may possess enormous reserves of energy and experience very little friction. Yet it will still fail to achieve outstanding results unless that energy is directed toward a common purpose and flows through clear boundaries to its ultimate destination: creating value for the customer, with new ideas, productive conflict, learning, innovative workflows.

A conventional light bulb emits a great deal of energy.

A laser emits far less. Yet it reaches much farther because its photons are aligned.

The same principle applies to organizations.

Organizational performance depends on at least four factors:

- **Organizational Energy**
- **Direction**
- **Efficiency**
- **Amplification**

Organizational Energy creates movement.

Organizational Purpose gives it direction.

Leadership ensures that both create value for the customer.

References

1. R.I. Sutton & H. Rao - The Friction Project

2. D.J. Hickson & D.S. Pugh – Great Writers on Organizations: The third Omnibus Edition