

73. Integration Zippers

How should I go about integrating two or more business units?

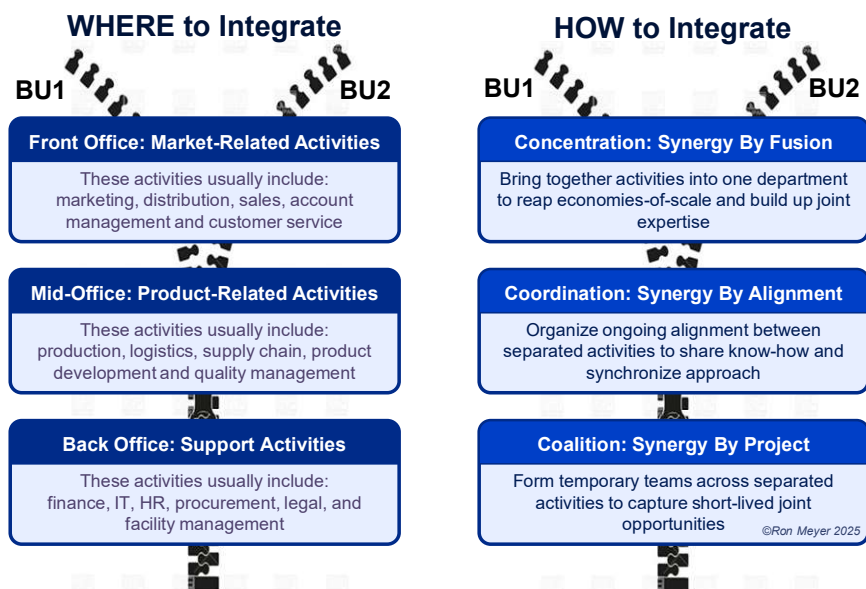
Key Definitions

A business unit is a part of an organization that can potentially be run independently, as a separate business. It generally needs to perform *front-office activities* that are market-facing (such as marketing and sales), *mid-office activities* that are product-related (such as production and logistics) and *back-office activities* that are support-oriented (such as HR and finance).

Leaving business units largely independent allows them to be *responsive* to their specific market demands. But they can also be partially integrated to realize *synergies*, such as scale economies and market power (see model 64, Corporate Synergy Typology). Therefore, balancing the level of integration is called the *paradox of responsiveness and synergy*.

Conceptual Model

The *Integration Zippers* is a model for thinking about various organizational possibilities between the extremes of total separation and full integration of business units. Using the metaphor of a zipper, the model suggests that business units should be integrated starting from “the bottom” up, at each point considering whether further zipping make strategic sense. The left-hand zipper deals with *which activities* to integrate, proposing that back-office, then mid-office and finally front-office is the preferable order. The right-hand zipper deals with the *manner of integration*, advising to first consider only using projects, then to weigh whether ongoing alignment would be better, and then ultimately to even contemplate using full fusion.



Key Elements

The two Integration Zippers consist of the following elements:

1. **WHERE of Integration.** Not all activities are as easy to integrate, particularly because integration leads to less *responsiveness* – less ability to *differentiate* the activity to fit with the specific demands of the market, and less agility to rapidly *adapt* to market changes.

Generally, the further an activity is from the market, the less responsiveness is required, making a potential synergy more attractive. Therefore, the preferred integration order is:

- a. **First Back-Office.** Support activities such as finance, IT, procurement, research, HR, legal and facility management tend to be less business-specific and therefore easier to share across business units, so they should be considered first.
 - b. **Then Mid-Office.** These are all activities directly contributing to the creation of the product or service, from product development to supply chain, production and delivery, and they can be shared if the creation process is relatively similar.
 - c. **Finally Front-Office.** These are all activities that directly interact with customers and other market actors, including marketing, distribution, sales, and customer service, and can only be shared if the markets are similar. These should be considered last.
2. **HOW of Integration.** Integration is not a binary choice between “yes” and “no”, but a choice between different levels, from “light” to “tight”, by varying the type of *integration mechanism* employed – the organizational set-up used to realize the intended synergy. Generally, the tighter the mechanism, the higher the synergy, but also the lower the responsiveness. Therefore, it's best to start by considering light integration and then evaluate tighter forms:
- a. **First Coalition: Synergy by Project.** The lightest integration mechanism is to form temporary teams around specific projects, to allow knowledge to be transferred, best practices to be shared or certain customers to be jointly served, all for a limited time.
 - b. **Then Coordination: Synergy by Alignment.** If more permanent collaboration is required, a tighter integration mechanism is to formalize ongoing alignment, to ensure that activities on both sides strengthen to each other, while still staying separate.
 - c. **Finally Concentration: Synergy by Fusion.** If structural coordination is insufficient to achieve the intended synergy, then the tightest integration mechanism will be needed, which is the full fusion of both units' activities into a merged whole.

Key Insights

- **Integration is bringing together business units.** When two or more business units give up some of their independence and to work together, this is called *integration*. Sacrificing their autonomy generally reduces their ability to be *responsive* to the specific demands of their market but increases *synergies*. Determining the optimal level of integration depends on finding the preferred balance between responsiveness and synergy.
- **Integration has a “where-side” and a “how-side”.** Business units need to assess which activities to integrate (the “where” of integration) and in what way to integrate these activities (the “how” of integration).
- **Integration can be across three types of activities.** “Where to integrate” can be divided into three general categories, based on how far away they are from market demands: *Back-office activities* (support functions that are often less business-specific), *mid-office activities* (product-related functions that are more business-specific) and *front-office activities* (highly business-specific market-facing ones).
- **Integration can be at three levels of intensity.** “How to integrate” distinguishes three different integration mechanisms: Using *coalitions* (temporary projects), *coordination* (continuous alignment) or *concentration* (permanent fusion).
- **Integration should follow the zipper approach.** Both “where” and “how” to integrate should be answered by zipping from the bottom up, gradually and thoughtfully considering how far to go to achieve the optimal balance between responsiveness and synergy.

Meyer's Management Models

Insightful Tools to Kickstart Your Thinking

Publication Schedule

<i>July 2019</i>	<i>Mind the Gap Model</i>	<i>Change Management</i>
<i>August 2019</i>	<i>Digital Platform Map</i>	<i>Digital Strategy</i>
<i>September 2019</i>	<i>Interaction Pressure Gauge</i>	<i>Interpersonal Interaction</i>
<i>October 2019</i>	<i>Revenue Model Framework</i>	<i>Revenue Model Typology</i>
<i>November 2019</i>	<i>House of Engagement</i>	<i>Organizational Engagement</i>
<i>December 2019</i>	<i>Confidence Quotient</i>	<i>Trust Building</i>
<i>January 2020</i>	<i>Competition Tornado</i>	<i>Competitive Strategy</i>
<i>February 2020</i>	<i>11C Synergy Model</i>	<i>Corporate Synergy Management</i>
<i>March 2020</i>	<i>Leadership Fairness Model</i>	<i>Leader-Follower Interaction</i>
<i>April 2020</i>	<i>Strategic Agility Model</i>	<i>Strategy Process Approach</i>
<i>May 2020</i>	<i>Control Panel</i>	<i>Corporate Control Dimensions</i>
<i>June 2020</i>	<i>Rising Star Framework</i>	<i>Talent Management</i>
<i>July 2020</i>	<i>Strategy Development Cycle</i>	<i>Strategy Process Steps</i>
<i>August 2020</i>	<i>7I Corporate Center Model</i>	<i>Corporate Organization</i>
<i>September 2020</i>	<i>Storytelling Scripts</i>	<i>Leadership Communication</i>
<i>October 2020</i>	<i>Strategic Bets Framework</i>	<i>Strategic Decision-Making</i>
<i>November 2020</i>	<i>Rebound Model of Resilience</i>	<i>Organizational Resilience</i>
<i>December 2020</i>	<i>4C Leadership Capabilities</i>	<i>Leadership Competences</i>
<i>January 2021</i>	<i>Digital Product Model Dial</i>	<i>Digital Strategy</i>
<i>February 2021</i>	<i>Digital Distribution Model Dial</i>	<i>Digital Strategy</i>
<i>March 2021</i>	<i>Empowerment Cycle</i>	<i>Employee Empowerment</i>
<i>April 2021</i>	<i>Innovation Box</i>	<i>Innovation Approaches</i>
<i>May 2021</i>	<i>Knowledge Sharing Bridges</i>	<i>Best Practice Sharing</i>
<i>June 2021</i>	<i>Followership Cycle</i>	<i>Leader-Follower Interaction</i>
<i>July 2021</i>	<i>Everest Model of Change</i>	<i>Change Management</i>
<i>August 2021</i>	<i>Fruits & Nuts Matrix</i>	<i>Priority-Setting</i>
<i>September 2021</i>	<i>Powerhouse Framework</i>	<i>People & Organization Strategy</i>
<i>October 2021</i>	<i>Strategy Hourglass</i>	<i>Strategy-Making Steps</i>
<i>November 2021</i>	<i>Disciplined Dialogue Model</i>	<i>Interpersonal Communication</i>
<i>December 2021</i>	<i>Team Building Cycle</i>	<i>Team Building Process</i>
<i>January 2022</i>	<i>Market System Map</i>	<i>External Analysis Framework</i>
<i>February 2022</i>	<i>Strategic Alignment Model</i>	<i>Business Level Strategy</i>
<i>March 2022</i>	<i>Creativity X-Factor</i>	<i>Creativity Enhancement</i>
<i>April 2022</i>	<i>Organizational System Map</i>	<i>Organizational Analysis</i>
<i>May 2022</i>	<i>Corporate Value Creation Model</i>	<i>Corporate Level Strategy</i>
<i>June 2022</i>	<i>Change Manager's Toolbox</i>	<i>Change Methodologies</i>

July 2022	Sustainable You Model	Personal Sustainability
August 2022	Value Proposition Dial	Business Level Strategy
September 2022	The Tree of Power	Organizational Power
October 2022	Psychological Safety Compass	Team Dynamics
November 2022	Strategic Action Modes	Strategy Process
December 2022	Corporate Management Styles	HQ Management
January 2023	Thinking Directions Framework	Reasoning Skills
February 2023	5I Innovation Pipeline	Innovation Process
March 2023	Resistance to Change Typology	Change Management
April 2023	Ambition Radar Screen	Motivation Analysis
May 2023	Corporate Strategy Framework	Corporate Strategy
June 2023	Cultural Fabric Model	Organizational Culture
July 2023	New Pyramid Principle	Presentation Approaches
August 2023	Activity System Dial	Value Creation Analysis
September 2023	Customer-Centricity Circle	Organizational Design
October 2023	Status Snakes & Ladders	Leadership Branding
November 2023	Stakeholder Stance Map	Stakeholder Management
December 2023	Best Practice Sharing Modes	Sharing Methods
January 2024	Duty of Care Feedback Model	Feedback Method
February 2024	BOLD Vision Framework	Organizational Vision
March 2024	MOVING Mission Framework	Organizational Mission
April 2024	Leadership Circle Map	Leadership Skills
May 2024	Digitalization Staircase	Digital Strategy
June 2024	Time Management Funnel	Personal Time Management
July 2024	Wicked Problem Scorecard	Organizational Decision-Making
August 2024	Hunting & Farming Typology	Sales Management
September 2024	Guiding STAR Matrix	Objective Setting Approach
October 2024	Corporate Synergy Typology	Corporate Level Strategy
November 2024	Self-Centered Thinking Traps	Thinking Styles
December 2024	Sustainability Maturity Ladder	Sustainability Management
January 2025	Top Line Growth Pie	Growth Strategy
February 2025	Innovation Sins & Virtues	Innovation Management
March 2025	Interpersonal Interaction Drivers	Communication Determinants
April 2025	Frictionless Flow Framework	Customer Journey
May 2025	Five Phases of Change	Change Management
June 2025	Courageous Core Model	Leadership Behaviors
July 2025	Integration Zippers	Corporate Strategy
August 2025	Embedded Innovation Pipeline	Innovation Management
September 2025	New Learning Curve	Personal Learning
October 2025	Synergy Value Matrix	Corporate Level Strategy

November 2025	Triple Diamond Model	Organizational Decision-Making
December 2025	Embedded Identity Model	Personal Awareness
January 2026	Partnership Distance Model	Interorganizational Relations
February 2026	Dynamic Organization Paradigm	Human-centered Organization
March 2026	Leadership Journey	Leadership Development
April 2026	Low Performance Team Slide	Team Building
May 2026	Performance Assignment Matrix	Corporate Strategy