Organizational debt

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Organizational debt is a sibling of technical debt. While technical debt is unhealthy and generally a well-understood problem, organizational debt can be killer and often treated as an afterthought. The term "organizational debt" was coined by Steve Blank, defined as the accumulation of changes that leaders should have made but didn't. Things like biased and subjective hiring process, poorly defined roles and job descriptions, gender compensation gaps, lack of diversity and inclusion, delay in addressing performance issues, tolerating brilliant jerks far too long, outdated or badly designed policies, using external recruiters are just a few examples of organizational debt.

How to detect orgnizational debts?

Just like technical debt, organizational debt can be smelled - you just have to look for direct or indirect indicators. Personally, I have found the job advertisements as a good proxy of organizational debt. Another way to surface organizational debt is to listen closely the concerns raised by peers, direct reports, and skip-level reports. Often organizational debts are in plain sight all we need to do is listen carefully for symptoms.

How to pay your organizational debts?

First surface and document the organizational debts in a backlog. Next, classify and prioritize your organizational debt backlog primarily based on risk. High-risk organizational debts such as toxic team culture, poor communication chain, struggling leaders can be categories as organizational risk and should be tackled first.

How to avoid organizational debts?

Organizational debts generally tend to manifest in two ways: through issues of obsolescence and accumulation. By investing in organizational design and process optimisation a leader can generally avoid obsolescence organizational debt_._ A lot of organizational debts are accumulated debts and can be avoided by creating a culture of bias for action. A bias for action means that taking action is your default state and as leader you are not deferring inconvenient decision for later.