

# Simplifying Complexity: Cross-Functional Teams

*Making Hard Decisions and Solving  
Complex Operational Issues*



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## Introduction

One of the things that happen to every successful growing organization is the working environment becomes more complex. It's a given. The business gets bigger. There are more employees. There are just more moving parts. It's harder to reach a simple solution to what might be a very basic questions.

An imperative the growing complexity brings with it is the need for key employees to work cross-functionally.

They need to work outside of their own functions with what we might term their "internal" customers. Sales has to work with ops, ops has to work with admin, admin has to work with everyone.

What we're going to do in this session is to show you, first of all, why this growing complexity leads to the need for cross-functionality. Then we're going to share some tools and tips to help you teach people to work in a cross-functional way.

Let's look at why a growing organization increasingly needs a cross- functional approach to problem solving.

Notes:

*An imperative the growing complexity brings with it is the need for key employees to work cross-functionally*

## The Sun and Stars Structure

Let's start with a small, young business. This applies to any service or industry, but we'll assume for the purposes of our discussion, this is a sales-based company.

At the outset, the business structure is very simplistic. It's what I call the Sun and Stars structure. At the center is usually a group of high-performing individuals we might refer to as big dogs.

In this young and growing sales-based organization we have a few people, maybe three, four or six, who deliver a significant percentage of the revenue. They are important to the very existence of the organization.

They clearly have strong internal political influence. Typically they are well-known by the owner/manager group and held in very high esteem.

They also happen to be the center of the universe for this young organization. Everything that needs to happen, whether it's purchasing, distribution, service or accounting, is completely subservient to the sales function.

The flow of information is very straightforward. The big dog decides what he or she wants. They tell the service function and they do what is needed. They go back out on their sales calls, come back in and tell a satellite function what they require.

The flow of information is very much like a solar system, with everything revolving around the big dogs. Because of the success of these individuals, the organization grows.

For the ease of management, the satellite functions begin to coalesce. They begin to move together. Perhaps one manager is put over two or three of these functions. The structure begins to look more like what I call the Heart and Kidney Stone.

Notes:

*The flow of information is very much like a solar system, with everything evolving around the big dogs*

## The Heart and Kidney Stone

We still have the strong sales group. It's dominant, preeminent and in charge of the business growth. They're at the front of the vanguard. What has happened to the satellite functions is they have been put together. They've become what we might call "everything else."

Now we have sales and everything else. There may even be an ops manager who will be looking after each of the functions.

This structure, as we'll see in a moment, is by nature transitional. The reason it's transitional is it gives rise to endless conflict. There is a gap between sales and everything else, into which so much can fall. This gap becomes a trench the two sides of the organization hurl blame and accusation across.

At its worst, this structure can lead to a real conflict. It can become sales versus ops, sales versus admin and everyone versus sales.

This structure evolved for the right reason, a desire to consolidate the non-sales functions or what is often called support functions. But it has the seeds of destruction.

Staying at this point freezes growth and makes it impossible to develop.

Notes:

*At its worst, the heart and kidney stone structure can lead to real conflict*

## The Mitten

The third part of the movement of the organizational structure tends to happen organically over time.

What I'd like you to think about as we look at this is one of those old lava lamps. For those of us who were around in the late '60s, they plugged into a wall and heated this glop of goo that moved, shifted and changed in rather amorphous lumps. That's what happens here.

This may not be an overnight transition. The business will change over time into this shapeless glop of goo.

The next transition that often happens is an attempt to become more cohesive. In many businesses the operations, become segmented. We'll have two, three or more segments addressing different categories of customers. That could be retail, trade, commercial or 100 different things.

The attempt is made to split the sales and everything else activities into subsidiary parts in order to advance segmentation. The difficulty with this is that unless you have a huge organization, there are major inefficiencies in trying to make each segment carry its own support function. This is an unprofitable structure.

Many organizations don't move through this. They shift completely from here to the only sustainable structure for growth in a complex business. That structure is what I call the Mitten.

Here, we have the segmented sales structures we saw a while back. They are still distinct. They can still be seen, categorized and treated separately. We also have all our other functions. We have support, ops, admin and whatever else is needed to support sales activity.

Notes:

# CROSS-FUNCTIONAL TEAMS

Instead of being disassociated, broken away from sales activity, they're really bound together like a mitten. It's almost as if it's a hand with that organic infrastructure that enables us to do so much.

One of the things you will immediately see when you look at this model is that each of these areas needs to be able to interact cross-functionally, one with another. They're sharing the same bindery.

The distinction that, "We're sales here and ops over there" has been taken away. They work together as a cohesive whole.

For an interim period of time while we're structuring the mitten, it might feel like being stitched together. We stitch the ops and support functions onto the sales activity in some Frankenstein-like attempt to get this holistic approach.

Even though that needs to be done in the early stages, over time those stitches heal and we develop into that organic mitten or hand. That's why organizations, as they grow, require a cross-functional approach.

Where do you believe you are as an organization in this lava lamp, organic development mitten? Perhaps you are already here. Perhaps you're nearly here, but a little stitched up. Maybe you're a little further back in the Heart and Kidney Stone model. Maybe you're in early growth and back at the Sun and Star model.

Notes:

*Each of these areas  
needs to be able  
to interact cross-  
functionally*

## Introducing the Concept of Working Cross-Functionally

Working cross-functionally isn't something that comes naturally. It's not a simple process when you've been working more in silos than your own function.

You've been proving your value and worth by working vertically. You're delivering value in your own department or team. It feels a little clumsy to start working laterally and cross-functionally.

One thing I strongly recommend when you introduce the concept of working cross-functionally is to start simple.

I suggest you pick one or two issues that are very important to the development of your business. Put a formal cross-functional team together to address those issues and come up with recommendations.

This does not mean delegating ultimate responsibility for implementation. You may wish the senior management team to retain final say on the actual implementation of recommendations. It really makes sense to strap on some training wheels and put together a formal group.

You wouldn't want to call it a committee. That might sound too bureaucratic. "Cross-functional team" is a better phrase to address one or two key issues.

The team then needs to learn the chronology, steps or choreography involved in working cross-functionally. How often should they meet and for how long? Who chairs the session? Who takes notes? How do they report back?

There isn't any one way to do this. It has to fit with your own culture. You could be very process-oriented or a little loosey-goosey. There's no point in pushing a process or system that doesn't work for you.

Notes:

*Start simple*

## CROSS-FUNCTIONAL TEAMS

You can pick up some very good hints on how to run your cross-functional team from any of the very good books and tools out there. The one I recommend is *The Five Dysfunctions of a Team* by Patrick Lencioni. It's an excellent starter resource for your team members who are going to work cross-functionally.

Notes:

## Implementing Cross-Functional Teams

I want to give you some tips that I've learned over 20 years helping organizations implement cross-functional teams.

In all I've seen that succeeded and failed in organizations that have attempted to implement a cross-functional approach, I find three things to be absolutely vital.

**1: Cross-functional thinking has to start at the top.**  
The senior management team must start by modeling cross-functional interaction.

The management role itself needs to be redefined. Management can't be seen as simply heading up that vertical division department or team and delivering everything within that confined silo. That's got to be taken as granted. You don't get to sit at the management table if you don't do that.

There are no extra Brownie points for managing your own division and department. Where you add value has got to be seen in your ability as a manager.

You have to reach out laterally and work cross-functionally with your peers and fellow managers. Can you come into a management meeting, leave your functional hat at the door, and think about issues in a cross-functional manner?

Can you think about them in a way that poses the question, "What is best for the organization as a whole" not "What is best for me?" or "What is best for my team or department?"

**2: Start at the beginning.**  
Your employees should be introduced to the concept of cross-functional thinking from the point of orientation.

Notes:

*The senior management team must start by modeling cross-functional interaction*

As soon as they join your organization, they should be exposed to what happens in the other departments and divisions they interact with.

Spending time shadowing people in other departments is an excellent way to breed cross-functionality. It has to start at the top and begin at the beginning.

### **3: Involve the right people.**

In any decision that has to be made and implemented, there are three groups of people involved.

The first group is those with the authority to make a decision. If you don't have people in your cross-functional team who have the authority to make a decision, it's only talking shop. People will become frustrated. They won't see the value of working in a cross-functional team. Eventually, you lose momentum.

The second group involved in making anything happen are those who have the responsibility of implementing the decision. You may have the authority to change your driver's routes or what time you open retail stores. You certainly won't be the one actually making that happen. There are drivers and employees who will do that.

People who are involved with the responsibility of implementation have got to be involved in cross-functional decision making.

One of the things that effective cross-functional decision making does is reach through the organization cross-functionally. It reaches up and down the organization, across layers of management, to pull those not only with the authority but the responsibility to make decisions work.

Notes:

## CROSS-FUNCTIONAL TEAMS

The third group are those who have influence. They may not have the responsibility or authority, but they have influence over whether or not a decision is really going to take or not.

You make a decision about the opening hours of your outlying offices. You might have that authority. Someone else might have responsibility for opening and closing the doors based on the new hours.

There may be a salesperson there who's really in charge of that territory in an informal manner and who has got a lot of political clout. If he or she doesn't take to that happening, they can do a lot to prevent it.

Notes:

## Conclusion

Making a successful cross-functional team and decisions involves honestly asking the question, “Who should be involved?” We’ve got those with authority, those with responsibility and those who have the influence.

Select that group of people, put them in a team and give them resources. You will see the impact of cross-functional teams very quickly in your organization.

Once your managers and individual contributors see the degree to which decisions get implemented and are successful because they have been arrived at cross-functionality, within six to nine months the concept of working cross-functionally will become second nature.

You’ll begin to see them getting together in conference rooms and corridors, and on the phone. They’ll be having informal cross-functional consultations automatically. At that point, you might even be able to do away with the more formal cross-functional interaction and allow your managers to work naturally and informally in a cross-functional way.

Put those teams in place as training wheels for six to nine months. You’ll begin to see a genuine, successful impact very quickly.

Notes:

*Who should be involved?*

## About Les McKeown

President and CEO of Predictable Success®



Les has over 25 years of global business experience, including starting 42 companies in his own right. Les was the founding partner of an incubation consulting company that launched hundreds of businesses with thousands of employees.

A native of Ireland, Les was awarded the Samuel Smyth Memorial Prize as a Chartered Accountant (CPA) in the UK and was, at that time, the youngest qualified Chartered Accountant in the UK. After a brief period with Price Waterhouse (now PwC), Les became Ireland's youngest ever accounting firm partner.

After a long career in advising individuals and organizations on growth and development, Les started his own training and development business, and when he sold his share in that practice to his business partner in 1998, it had grown to a 13-office, worldwide training and consulting business.

In 1999, Les relocated to the US, from where he writes, teaches and consults in high-performance organizational development.

Les' clients include Harvard University ; US Army ; Pella Corporation; Chiron Corporation; Microsoft; United Technologies Corporation [UTC]; UK Dept. of Enterprise, Trade & Investment; Overture Services, Inc. (a Yahoo! company); Canadian Defence Department; MI-SWACO; St Vincent Health ; Verisign; and many others.

Les McKeown is the author of:

***Retaining Top Employees***

***The Complete Guide to Mentoring and Coaching***

***The Complete Guide to Orientation & Re-Orientation***

