SIMPLIFYING COMPLEXITY

CROSS-FUNCTIONAL TEAMS

MAKING HARD DECISIONS & SOLVING COMPLEX OPERATIONAL ISSUES

Introduction

One of the things that happens to every successful growing organization is the working environment eventually 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 simple solutions to what might be very basic questions.

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

Employees need to work outside of their own functions with what we call their "internal" customers. Sales has to work with customer service, customer service has to work with operations and operations has to work with everyone.

This ebook will show you, first of all, why this growing complexity leads to the need for cross-functionality. Then it will share some tools and tips to help you teach people to work in a cross-functional way.

We'll begin by looking at why a growing organization increasingly needs a cross-functional approach to problem-solving.

The Sun & Stars Structure

Let's start with a small, young business. The principles apply 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 simple. It's what we call the Sun and Stars structure. At the center is usually a group of high-performing individuals we call "Big Dogs."
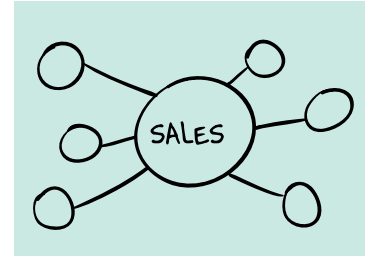
In this young and growing sales-based organization there are a few people, maybe three to six, who deliver a significant percentage of the revenue. They are important to the very existence of the organization.

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, tells the service function and they do what is needed. The Big Dog goes back out on sales calls, comes back in and tells a satellite function what is required.

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 we call the Heart and Kidney Stone.

The Heart & KIdney Stone

We still have the strong sales group. It's dominant, preeminent and in charge of the business's 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 could call "everything else."

Now we have sales and everything else. There may even be an operations manager who is 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
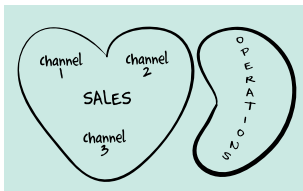
much can fall. This gap becomes a trench across which the two sides of the organization hurl blame and accusations.

At its worst, this structure can lead to a real conflict. It can become sales versus operations, sales versus customer service and sales versus everyone else.

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 sown the seeds of destruction.

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

The Mitten

The third part of the movement of organizational structure tends to happen organically over time. It's a little like the inside

of a lava lamp heating up a glop of goo that moves, shifts and changes 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.

What often happens next is another transformation in an attempt to become more cohesive. In many businesses, the operations become segmented. There will be two, three or more segments addressing different categories of customers. These 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 we call the Mitten.
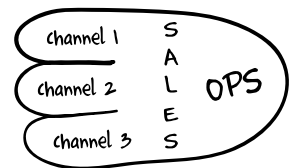
Here, we have the segmented sales structures we saw a while back. They are still distinct. They can still be seen, categorized and treated separately. We also have all our other functions. We have support, operations, customer service and whatever else is needed to support sales activity.

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 operations over there" has been taken away.

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

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 operations 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.

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 and 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 we strongly recommend when you introduce the concept of working cross-functionally is to start simple. 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 choose to have the senior management team retain final say on the actual implementation of recommendations.

So as you strap on some metaphorical training wheels and pull a formal group together, you won'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.
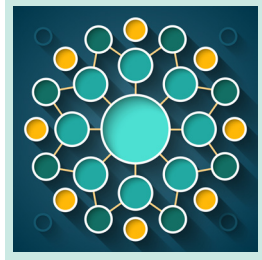
Implementing Cross-Functional Teams

Many factors can contribute to success or failure in organizations attempting to implement a cross-functional approach. Here are three things that are 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. You don't get to sit at the management table if you don't model cross-functional interaction.

> ❝ *You don't get to sit at the management table if you don't model cross-functional interaction.* ❞

There are no extra points for managing your own division and department. Where you add value must be evidenced through your ability to contribute to the broader business.

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.

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 should be three groups of people involved.

The first group is those people 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 drivers' 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.

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.

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,

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

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.

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

About Predictable Success

Predictable Success is an organizational growth and leadership development model rooted in the seven stages of growth and occasional decline that any business will go through regardless of size or industry. Learn more about the model and how to efficiently structure and manage cross-functional teams at www.predictablesuccess.com

Taking on the Next Growth Steps

While cross-functional teams will enable you to cut through some of the complexity organizational growth brings, there are other key areas that will require your focus and attention. In order for your business to achieve profitable scalability, you will need to address these as well. Contact us to learn more, as well as how we can help guide you through.

Discover how to accurately diagnose the specific challenges your business is facing and obtain a step-by-step action plan for overcoming them.

TAKE ME TO THE PROGRAM DETAILS

Attain. Sustain. Regain.

PREDICTABLE SUCCESS

PREDICTABLE SUCCESS

ATTAIN   SUSTAIN   REGAIN