

Cross-Functional Efficiency

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Global commerce, approaching workforce shifts, industry transformations, and economic downturn; all drastically amplify the already present need for increased corporate efficiency in order to stay competitive. Coupled with project success rates at the majority of organizations still far from desirable, the need for radical change is evident. Cross-functional teams are not just a temporary trend; even when executed imperfectly they have notably increased customer focus, creativity, complex project competency, organizational learning, and project efficiency. Environmental challenges and business demands will only increase, and the necessity of efficient cross-functional teams that produce results inline with corporate strategy will grow exponentially.

By definition, a cross-functional team is a group of members from more than one functional area within an organization working together toward a common goal or project. The team could include people from any department or division; literally subject matter experts needed to execute tasks and solve the issues that arise during the project lifecycle. The term unfortunately has evolved into a “buzz” word; a label put on poorly executed dysfunctional groups that are far from being efficient teams. The purpose of this paper is to proactively address this common problem for project inefficiency, and to address team and organizational characteristics that enable formation and development of efficient cross-functional teams.

Team Characteristics

Leadership

Although fading in popularity, matrix structured organizations still exist. In a matrix environment, team members report directly to both their functional manager as well as one or more project managers: literally a multi-manager scenario. Teams in a weak matrix environment, especially where the project manager’s influence on team members is less than the functional, are frequently mislabeled as cross-functional teams. However, they are not truly so because of the reporting structure. This situation causes priority conflicts and animosity that result in inefficiencies to both functional groups and project teams.

Teams with project managers that are lower on the organizational chart than the rest of the core members, are also frequently mislabeled as a cross-functional team. Common results include biased scope, poor implementation of project management standards, and a lack of true leadership. Just as each member of the project team is an expert in their subject matter, the project manager is the subject matter expert in regards to project management methodology, and most likely one of the members who best understands the projects interdependencies. To be a true cross-functional team, to be efficient and meet business requirements, the project manager should lead the team and control the project lifecycle as neither a second superior nor a subordinate of the core team members.

It is of course very necessary to keep stakeholders involved in project status, but enabled teams are much more effective than those that are micromanaged. By definition, a project is a unique one-time endeavor and stakeholder involvement will vary greatly dependent on multiple factors, like project importance and complexity. However, these factors should not automatically equal involvement. Many senior managers do not realize the amount of influence their attendance has on project teams, or they do and use it to their advantage (not always a bad thing). Enabled teams are more creative, accountable, and productive. A fail-safe way to demoralize a team is for a functional manager to make project team decisions.

Size

Teams need to have expertise related to the anticipated issues and tasks, and the more ideas the better. So larger teams, right? No, overwhelmingly team dynamic studies have shown larger teams produce less ideas, less productivity, decreased team member buy-in, less participation, a decrease in cost effectiveness, and less accountability. There are many reasons for these outcomes. Too much stakeholder involvement and large team size both create withdrawn members and a groupthink atmosphere. More assertive members end up making the majority of decisions; literally making the decision team smaller, reducing the cost benefit of each member, and frequently creating biased decisions.

So what is the right size for a team? Surprisingly most team dynamic studies have come to a conclusion of six to eight core team members, and rarely should a core team ever exceed twelve. The fear of excluding individuals should be handled with a large kick-off meeting that includes a declaration of the need of and the selection of the core team. Extended members should be informed of status by email and invited to meetings when their participation is required. The team members assigned by functional managers should be enabled to act on behalf of their functional areas.

Too often functional areas create a self fulfilling prophesy over the competence of members within their groups to represent their areas in a cross-functional team. Functional managers do usually have the best cross-functional view and a better understanding of the big picture, but they put blinders on their people by not allowing them to attain cross-functional learning. Delegating may be painful at first, but it is a necessary bump in the road to achieving an efficient cross-functional team environment.

Planning

Frequently in an effort to appease the timeline and cost expectations of business sponsors, project teams move into the design phase with inadequate requirements or even into development with deficient design specifications. The amount of rework needed, which adds to cost and timeline, will almost if not always out-weight the time and money saved on planning. The correct response to a decreased timeline is to increase the efficiency of the planning phase; the most important phase of the project. This may include a business analyst and IT Lead role to efficiently document requirements and design. But always requires the roles and responsibilities of the core project team to be clearly defined.

Estimating

A key piece of planning is the estimation of cost and timeline. It is vital to have an idea of where you are going before you can decide how you are going to get there, how long it will take, and how much it will cost; time, scope, and budget balanced justly. Estimation tools based on high-level scope and historical performance can be developed to not only get ballpark figures in the infield, but give a better start toward maintaining cost and timeline during the execution phase. Estimation tools tuned by each department provide accountability to project teams and functional departments, as well as increase project efficiency.

Project Kick-off

The invite list to project kick-off meetings should be based on both the perceived importance and true priority of the project. Projects of high importance would have large kick-offs that enable the high-level scope and timeline to be communicated throughout the organization. This not only establishes the core team as described earlier, but brings up possible issues outside the core team, allows cross-functional communication of key project issues and tasks, builds teamwork across divisions, and increases employee buy-in to the corporate strategies being met by the project.

Organizational Characteristics

Project Management Office

A Project Management Office (PMO) is a department responsible for establishing, maintaining and enforcing project management standards throughout an organization. The PMO must have the authority to set standards via the support of executive management. Development of a true organizational PMO, regardless of the reporting department, is imperative to the implementation of effective cross-functional teams as well as the successful prioritization of projects to the overall corporate strategies. PMO Project Managers must be capable of providing expertise, vision, and leadership to project teams.

Project management is not just a trend; it has been proven and reached a maturity level worthy of execution throughout all departments in the form of a corporate PMO. This does not mean a PMO Project Manager should lead all projects, but that all projects should follow the methodology and standards maintained by the PMO. An “us vs. them” mentality between departments is present in most organizations. This non-productive unnecessary discord can be reduced with senior management support of an unbiased PMO to bridge the gap.

Enablement

The number one dynamic that fosters success is enabling cross-functional teams the ability to succeed or fail. Micromanagement leads to less buy-in, less creativity, and groupthink; leading many individuals to focus on making sure the project is simply not a failure and where to place blame if it does fail. Instead, management should support cross-functional project teams with the ability to fail; to have the ability to take risks, to be creative, and to develop team based solutions that increase buy-in, productivity, and success. Management that continually second guesses team decisions demonstrates a lack of trust and will decrease motivation. This enablement is not a license to proceed with reckless abandonment either. In fact, it will increase accountability.

Accountability

The first step of project accountability is to have agreed upon project management processes. For example, a document controls process that includes review and sign-off by key personnel at stage gates of a project. These mutually agreed to processes are under constant improvement and tuning from the feedback and review of project outcomes, resulting in further accountability. The next step is the shared accountability of project outcomes to those within the cross-functional teams and all functional areas involved; including the PMO and business areas. Often functional areas will (intentionally or not) limit project involvement or allow business decisions to be made by I.T. and then hold them responsible for any failures. It is human nature to push off accountability, and it takes effort to control the natural impulse of focus on oneself. Teamwork improvements, group rewards, enablement, and cultural shifts; do what it takes to improve accountability and at the same time maintain or increase buy in to teamwork.

Proactive Vision

Too often organizations react to unfavorable situations. They experience a real loss before making any sincere change. Then, because of the loss, there is a demand for a timely and sometimes very rushed and under thought answer to the issue. The fact of the matter is, many risks can be avoided and efficiencies can be realized when organizations proactively adapt to coming change. This requires proactive leadership with a vision of turning risks into opportunities, who are willing and able to take educated risks. Individuals, who contend for the success of the corporation and the survival of all, should be encouraged and rewarded.

Information Technology

It is surprising that in this technological age, some organizations still view information technology as little more than a necessary evil. Information Technology is not just a service department, a supporter of those who do the real work, but a viable part of the development and execution of the business strategy. The I.T. vs. “The Business” mentality does not stem from an inefficient IT Department, but inefficient cross-functional teams and a lack of accountability on both sides of the table. Information technology takes the brunt of the blame and the solution is not for senior management to micromanage I.T., but to become more actively involved in the development of the cross-functional teams that execute business strategy. This also means that projects need to be inline with and prioritized based not only on I.T. availability, but also on corporate business strategies.

Organizational Structure

Communication of the corporate strategy is frequently too vague and hard to quantify at both the functional and project level. Projects exist for corporate strategy to be realized; simple concept but frequently overly complicated. It is the job of management to ensure that corporate goals are communicated to the entire organization. Companies must turn strategic priorities into assigned, measurable action plans for not only project teams, but for each functional department. It is motivating and increases accountability when one understands how their functional and project team role affect corporate strategy.

The organizational structure will allow for efficient cross-functional teams when it realizes the priority and needed focus on implementing corporate strategy via project teams. Leadership should proactively define the wanted future culture, define the people competencies needed, and move the skilled people into the tough jobs. There will always be debate over ripping off the band-aid, or slow organizational change. In most circumstances doing it quickly reduces the most risks, but a strong and creative leadership team is needed to pull it off. Change will always be resisted and functional departments must be willing to give up control for the good of the organization, realizing project teams belong to many functional areas.

Rewarding

Organizations of course need to support the time and effort required for development of team skills. One frequently missed medium for accomplishing this objective is through a reward system related to project work. Rewards should be based on strategic results: both short-term and long-term successes. Individuals within and outside cross-functional teams that promote cross-functional teamwork should be recognized and rewarded as an example of the wanted culture. Bonuses based on cross-functional team performance are also a growing trend that further stresses the importance of projects to corporate strategy.

Ready, Set, ...

First and foremost, the projects chosen for completion must be aligned with the organizational strategy. Completing projects on time and on budget is pointless if the overall corporate strategy is not being attained efficiently. The project selection panel needs clear expectations and accountability. Roles must be clarified and realistic, no exceptions. Each member of the project teams needs a clear understanding of what is expected of them, how they pertain to the overall project lifecycle, and how their role directly affects the execution of corporate strategy.

Conclusion

Change is the only constant, and the key variable to effectively meeting corporate objectives is proactive responses to threats and opportunities. Most organizations support the project management process, however a strong focus on project team efficiency is still a significant cultural shift, and most are reactively addressing the coming changes. With global commerce, approaching workforce shifts, industry transformations, and economic downturn, organizations must proactively create and align efficient cross-functional project teams with corporate strategy to stay competitive.

Resources

Parker, Glenn M. *Cross-Functional Teams*. San Francisco, CA: Jossey-Bass Publications, 2003.

People in Projects. Newtown Square, PA: Project Management Institute, Inc., 2001.

The author compiled this paper soon after the instruction of a Project Management course on Human Resource Management for a University bachelors program. Both resources above support and further define the majority of conclusions and viewpoints expressed herein, and are recommended reading for further study.