

Cross-Functional Teams

The Power of Cross-Functional Teams

By Mary Kay O'Connor

*President,
StartingPoint, Inc.*

and Sylvia Wulf

*Vice President, Sales and
Marketing,
Bakery Chef, LLC*

Meeting the demands of important customers is an ongoing challenge. Expectations and performance standards are continuously shifting. In today's business environment effective cross-functional teams can be a valuable tool for meeting these demands. The cross-functional team enables the rapid design and implementation of solutions to complex problems. For readers interested in exploring the role of cross-functional teams in strategic account selling, this article will answer the following key questions:

- When is a cross-functional team valuable?
- How do I establish an effective team?
- How can the effectiveness of a team be improved? and
- What tools are useful to teams?

This article also describes the experiences of one company that used a cross-functional team to solve a problem that was negatively impacting results with strategic accounts.

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Types of Cross-Functional Teams

Cross-functional teams can enhance a Strategic Account Program in a variety of areas:

Value Creation: A cross-functional team is established to create value for strategic accounts. A cosmetic manufacturer customer asks for customized new products. Developing and commercializing these products requires cooperation across Sales, Marketing, R&D, Finance, Distribution, etc. A supplier's cross-functional team is empowered to develop and launch a new ingredient within six months.

Innovation: A cross-functional team of internal experts and customer decision-makers create new value for both organizations. Joint meetings between a manufacturer and a large retailer create a new line of batteries that meet the retailer's product specifications, pricing and promotional requirements. The manufacturer's battery sales to the retailer double within six months.

Problem-Solving: Customers are complaining that new products are always late. New items never arrive on time and early shipments do not contain enough units to cover initial orders. Previous attempts by the manufacturer to fix the problem have failed. A cross-functional team is formed to design a solution that guarantees the on-time arrival of new products.

The following case study describes how a cross-functional team addressed complaints from their strategic accounts.

A Case Study

In the fall of 2003, StartingPoint, Inc. was asked to assist a food service manufacturer in fixing a problem that was negatively impacting both

financial returns and satisfaction among strategic accounts. The manufacturer wanted to significantly reduce lead-times for delivering new product SKUs and equipment to customer locations. Research indicated that not only did customers want to receive the product and equipment more quickly, they also had very specific expectations that were not being met.

"We open up somewhere between 15 and 20 stores a year and it requires being able to do the installation exactly on time...being able to execute against our specifications for product and equipment with zero discrepancy."

The current approach to rolling out new customer "programs" involved resources from across the company. Previous attempts to fix the problem had failed and metrics for evaluating performance in meeting customer expectations did not exist, e.g., the percent on-time delivery versus customer's requested delivery date. The manufacturer wanted to make changes that would reduce internal complexity and customer lead-times.

When to Use a Cross-Functional Team

The challenges facing this manufacturer seemed an appropriate opportunity for the formation of a cross-functional team. The situation had the following characteristics:

- **Customer Priority:** Research indicated that reducing product and equipment lead times was a customer priority. Fixing the problem would likely have a positive impact on satisfaction ratings and improve retention among smaller accounts.
- **Financial Impact:** The team calculated the project ROI, i.e., incremental revenue and cost savings minus investments over a five-year period. The ROI analysis led to executive support and the resource commitments that were necessary for the team to be successful.
- **Complex Problem:** Solving the problem required specialized

knowledge and the close cooperation of different functional groups. Involving those who would be responsible for execution in the design phase guaranteed a successful, long-term solution.

A cross-functional team seemed like the appropriate way to quickly design and implement the new solution.

How to Ensure the Team's Success

Senior management support is critical to the success of any

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cross-functional team. Without executive backing the team is unlikely to receive the resources and cooperation from colleagues that are needed to fix the problem.

How do you enroll senior managers? First, it is important to have an Executive Sponsor. Ideally, this is someone whose success as a senior manager is directly linked to the team's accomplishments. In this case, the executive sponsor was the Senior VP of National Accounts. To be successful in her job she needed to resolve problems with strategic accounts. She actively met with her peers and negotiated resource

commitments and project outcomes. For example, equipment delivery issues could not be fixed without the full cooperation from the Service Network. Many delays in equipment installs occurred when inaccurate information was received from Sales. In return for active participation by the Service Network, the Executive Sponsor agreed to establish project goals for reducing the errors on Install Requests and Site Surveys.

How to Establish the Team

In establishing the cross-functional team for this project we wanted to be sure that we had "the right people on the bus." We were looking for team members who were:

- **Motivated to fix the problem:** Did product and delivery issues negatively impact an individual's day-to-day job performance? One team leader estimated that 46% of her teams' activity was spent fielding customer complaints on failed installations.
- **Knowledgeable about current procedures and systems:** Collectively,

Meetings that Matter

Team Guidelines: The team developed "rules of the road" at the first meeting and posted the list in the team's meeting room as a reminder (e.g., attend all meetings, be on time for meetings, let others finish, ask questions when you don't agree, turn off electronic devices during meetings, etc.)

Meeting Schedules and Agendas: Be sure to meet only when necessary and carefully plan agendas. Schedule meetings well in advance. No purpose, no meeting.

Minutes: A written record is issued for every meeting (i.e., what decisions will be made, what actions will be taken, who is responsible and what is the timing). The first agenda item at the beginning of the next meeting is a review of minutes. This approach encourages accountability and provides a mechanism for monitoring progress and identifying obstacles.

Size: An effective cross-functional team usually has eight to ten members. A larger team negatively impacts participation, productivity and accountability. Select the core team and then use other techniques like focus groups or conference calls with experts in a particular area to discuss specific issues and proposed solutions.

the team needed end-to-end expertise on the current process to design a better approach.

- **Effective negotiators:** Individuals on the team represented the *interests* of their functional group, but were also asked to negotiate solutions that were optimal from a stakeholder, customer and organizational perspective.
- **Well-respected members of their**

functional organizations: Once the new solution was identified it was the role of each team member to obtain feedback and enroll stakeholders in the proposed solution. Being a leader within a functional group made the sell-in easier.

- **Strong analytically:** Team members relied heavily on data and fact-based decision-making to resolve historical

conflicts, set priorities and design solutions. They collected and analyzed data on performance along the Critical Path. Individuals who were comfortable interpreting data were an asset to the team.

The recruiting process began with a series of exploratory interviews within the organization. Salespeople and individuals involved in product and equipment delivery were asked why the current approach did not work and who was knowledgeable about issues and potential solutions. The individuals who were considered experts by their peers were then interviewed. The result was a preliminary list of candidates for the project team.

To finalize team membership, a description of team member responsibilities was generated—what work the team would be doing, how often the team would meet, how long the project would last and how much time outside of meetings would be needed for preparation. After determining an individual's interest in joining the team, the recruitment team met with potential team members and their bosses to discuss the project and expectations, and to finalize participation. If key individuals were not available alternate candidates were considered and / or scheduling changes were looked at.

Many experts recommend that team members be full-time to maintain project momentum. Given the leanness of this particular organization, it was unlikely that preferred candidates would be available full-time. Each had a significant day job. We decided that, given the complexity of the problem, we preferred having the "right people" part-time and extending project time frames, versus attempting to complete the project more quickly with fewer experienced employees.

How to Create a High Performing Team

The team faced several challenges when it began working together. Some



Techniques that Encourage Participation

From 101 Ways to Make Training Active by Mel Silberman

Whip: Use this technique when the team wants rapid, diverse input on a particular topic. Ask each person to write down his or her responses to a specific question. Then ask each team member to *briefly* share highlights from written comments.

Response Cards: Pass out index cards and ask for anonymous feedback on a particular topic. The team leader or a designated member of the team reads the responses.

Partner Interviews: This technique is particularly effective for controversial subjects. Ask the team to divide into pairs, ideally choosing a partner that has a different perspective on a particular topic. Partners interview each other using structured questions and active listening skills. Partner A then introduces Partner B and his or her perspective to the group.

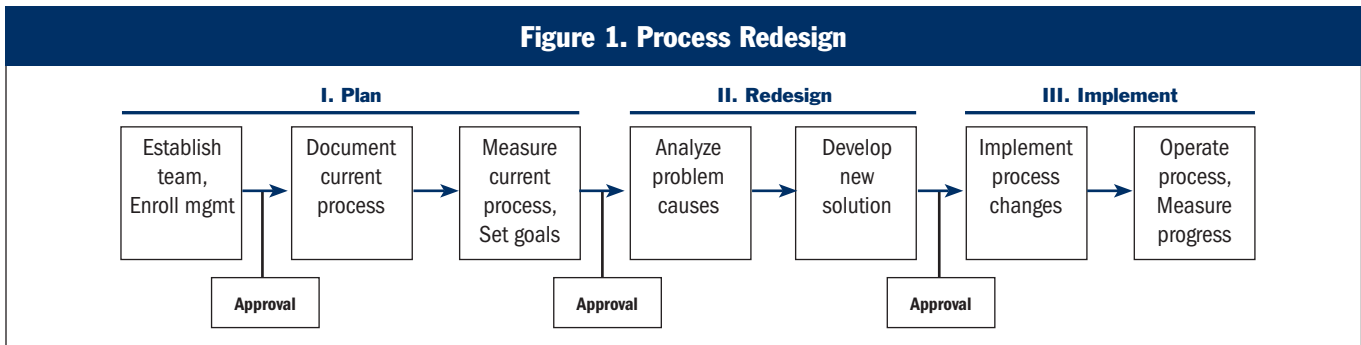
Polling: Develop a short list of questions or a mini survey that is filled out on the spot. Tally the results during a break and share findings when the team reconvenes. This technique provides the team with quick, quantifiable feedback on a specific topic.

Fishbowl: Ask the team to form a circle and put two chairs in the middle. Two individuals who represent different points of view on a subject occupy the chairs. The pair discusses the topic and responds to questions from the rest of the group. Different team members rotate into the inner circle as the discussion develops.

Warm-Ups: Begin each meeting with an exercise that gets team members back in the habit of actively participating. Use games or simply ask each individual to share a personal anecdote, validation or insight.

Process Checks: Effective teams focus on the problems they are solving as well as how they work together. Process checks provide teams with an opportunity to reflect on how they are working and what can be improved. Process checks can be spontaneous comments ("I think we are stuck.") that lead to a discussion of how to improve the team's working or questions / reflection at the end of ongoing meetings (e.g., who contributed to the team's progress today?). What did they do? Did the meeting follow the planned agenda, did we use our time effectively. Why / why not?

Figure 1. Process Redesign



team members had never collaborated previously, and some knew each other but had a history of conflict over product and equipment issues. Team members assigned to the project were part-time, which meant limited availability to solve project problems. Clearly, teamwork had to be built rapidly to ensure that time spent on the project was productive. Work sessions, therefore, balanced team development with a structured approach to solving customer problems.

Positive teamwork was promoted by:

- **Managing meetings:** i.e., establishing meeting guidelines, setting agendas for meetings, publishing minutes that focused on decisions, actions, responsibilities and timing.
- **Encouraging participation:** Early involvement of all team members distributed the work load, promoted understanding and trust and identified areas of conflict, thus leading to optimal solutions.
- **Celebrating accomplishments:** To maintain momentum and keep the team motivated we routinely started meetings by acknowledging individual contributions (inside or outside the team) and sharing project successes.
- **Utilizing tools for resolving conflict:** This team used data and objective criteria to make decisions and set priorities. For example, at the start of the process, many team members believed that a delay in issuing a customer number was a key issue. The data indicated otherwise. As new information became available, the team used the intelligence to revise priorities and update goals. Dysfunctional behavior (e.g., not attending meetings,

not completing assignments on time and dominating discussions) was handled one-on-one, outside of team meetings. If this approach failed to resolve the problem, the Executive Sponsor worked with the individual and his / her boss to adjust priorities, identify a new team member, etc.

How to Begin

The team used a classic method of structured problem-solving called Process Redesign (see Figure 1).

The approach had three key phases:

- **Planning:** In addition to enrolling senior management, the team's primary work during this stage was documenting and measuring the current process so that realistic improvement goals could be established.
- **Redesigning:** Given resource and time constraints, the team took great pains to address only the primary causes of long lead times during the redesign stage. Deliverables from this phase included a high-level view of the new process as well as milestones, resource requirements and a timetable for implementation.
- **Implementing:** Keys to success in this phase are a communication plan that targets users and a carefully coordinated pilot of the new solution. The team meets regularly to adjust plans as user feedback on the new approach becomes available.

The Planning Phase – From Confusion to Clarity

When work began, team members had

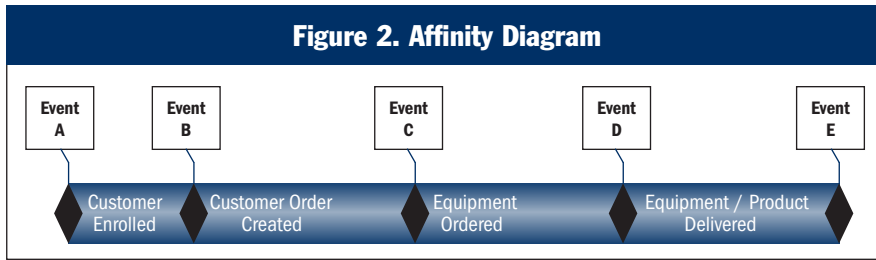
widely differing views on how to reduce customer lead times. 36,000 customers ordered new product and / or equipment annually. The formal requests came in via fax, telephone or e-mail and were processed differently by three separate internal groups. Customer Service, Supply Chain, three sales teams and the Service Network fulfilled the orders. During an early discussion of possible solutions, team members concluded that one simple approach to delivering new programs was not possible. "Every customer is different."

Activity in four areas transformed a disorganized group into a focused team that endorsed a single solution. The critical events included:

- **Drawing a picture of the current process:** Developing a common view of how the current process worked or did not work was critical to the team's success. The activity created understanding among former adversaries and a knowledge base that allowed the team to reach consensus on the ultimate solution. The team developed a high-level view of the "as is" process, i.e., key activities, decision points, outputs, how the work flowed and who was responsible.

Double rows of large, white easel paper were taped to the wall in the conference room where the team met. The wall was divided into lanes that represented different functional groups involved in fulfilling new customer orders. The facilitator put a few key activities up on the wall and then asked team members to fill in the missing steps. The team used markers and different colored paper shapes to depict events in the

Figure 2. Affinity Diagram



process (e.g., blue rectangle=activity; green diamond=decision point). Even though individual team members were considered experts, it still took lots of questions and discussion to finalize what went up on the wall. The end result was a large drawing of the current process that the team agreed was accurate. The drawing was left on the wall in the conference room and the group continuously referred to the “as-is” process during the planning and redesign phases of the project.

- **Identifying critical events:** At a subsequent session, team members realized that simplifying the current process would significantly reduce lead-times. So, they identified the key activities in the existing process, i.e., what work had to be done to deliver new product and / or equipment to customers within the expected lead-time. The team used an Affinity Diagram (see Figure 2), to choose the five critical events that lead to a “successful” installation. These events became known as the Critical Path.
- **Developing Critical Path**

benchmarks: Even though the company collected extensive data on customer interactions, no one had measured the total lead time for delivering new programs from the customer’s perspective. The team consolidated the metrics for the Critical Path into a new database. Initial reports on delivery performance were shocking to the team and senior management. Average lead-times were so much worse than expected that the measurement exercise was repeated with similar results. The team also discovered that a significant amount of product arrived at customer locations two weeks after the equipment was installed. Almost 30% of the new equipment required multiple trips by a service technician to complete the installation. To meet customer requested installation dates, equipment was being air freighted at the company’s expense.

- **Setting improvement goals:** Customer complaints about long lead-times for new product and equipment continued. Sales reported competitors were able

to install equipment more quickly (i.e., on average 60% faster). The team established goals in two areas to end customer complaints and level the playing field competitively:

- Lead-times for new equipment and product deliveries would be reduced by 60%; and
- Ninety-five percent (95%) of new equipment installs would be completed on the first call. Reducing the amount of rework for equipment installations would improve lead-times and reduce costs.

The Redesign Phase

As the project unfolded, the team uncovered multiple problems that were negatively impacting product and equipment lead-times (e.g., no defined process for linking initial product orders to equipment installations, multiple trips to make one installation, etc.) The team also recognized its limitations (i.e., small size, limited resources to implement changes, etc.). Therefore, when the redesign phase of the project began they decided to invest time in identifying the “fixes” that were likely to have the greatest positive impact on program lead-times. The process included:

- **Identifying and prioritizing problems that caused delays.** What causes delays in delivering product and equipment to customers? The team used brainstorming techniques, partner interviews, Affinity Diagrams and polling to identify the major reasons for program failures. After finishing the Affinity Diagram, the team discussed results and used polling to prioritize problems. If the process generated ambiguous results, additional discussion and / or analysis was completed to reach consensus.
- **Determining root causes.** Once the team agreed on key problem areas it used fishbone diagrams and / or MindMaps to explore problem causes and the relationships between the root causes. Initial beliefs about the

Ideas for Building Consensus

Active Listening: When team members feel heard they are more likely to listen. A quick refresher on listening skills when a team begins working together (e. g., open-ended questions, paraphrasing, etc.) encourages team members to express different points of view and provides a foundation for handling more controversial topics later.

Objective Criteria: What data or standards does the team need to make fact-based decisions?

Affinity Diagram: Kawakita Jiro developed this technique for organizing a raw list of ideas from brainstorming exercises into meaningful groups (*Team-Based Problem Solver*, p. 146).

Polling: Once ideas from a brainstorming exercise have been organized into meaningful groups, each team member identifies the one to three ideas that are most important to them. After the numbers are tallied if results are ambiguous, individuals can explain why they made the choices they did. The team is then asked to vote again.

root causes of Critical Path problems were validated.

For example, the team knew that equipment installation delays were caused by inaccurate customer information and / or multiple trips by a service technician. The team examined a representative sample of installations to understand the causes of bad data and rework (e.g., what % were caused by salesperson error, what % were technician errors, what



% of the appointments had not been confirmed with customers, etc.)

- **Selecting redesign priorities.** The team finalized redesign priorities using a tool known as the Impact Effort Grid. Team members brainstormed solutions to address the primary causes of key problems and then rated the solutions on two dimensions:

Impact: What percent of the problem would be resolved if this solution were implemented?

Effort: How much work / resources was needed to achieve the result?

Once redesign priorities were established, sub teams began developing detailed solutions. Sub team solutions included:

- High-level views of new sub processes including key inputs, activities and outputs;
- Key steps, responsibilities and timing

for implementation;

- Costs to implement; and
- New procedures to be documented.

During the redesign phase, sub teams met concurrently in the same location to facilitate communication. Work groups were able to agree on process hand-offs, obtain rapid feedback on trial solutions and negotiate alternative solutions that addressed issues identified by colleagues. Before finalizing their plans, team members reviewed new solutions with customers, colleagues and stakeholders. The resulting feedback strengthened the recommendations that were ultimately presented to the project's Steering Committee.

A key ground rule during the redesign phase was to *focus on solutions, not the organization*. This

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rule allowed team members to envision ideal solutions, i.e., what activities and resources are truly needed to efficiently meet customer expectations. Difficult decisions regarding organizational trade-offs were postponed until senior management endorsed new solutions and the execution phase of the project had begun.

Time to Implement

As this article goes to press the team begins the all important

implementation phase of the project. The project has survived a major reorganization – including senior management changes – because of the team's hard work and careful planning. Key components of this phase will be a communication plan targeting users, a small-scale pilot test and the phased rollout of the new process across different sales regions. Current technology (i.e., hardware and software) will enable key parts of the new process. The highlights of this new solution include:

- One internal process that significantly reduces the time it takes to provide customers with new products and equipment; and
- Accurate measurements of performance in meeting customer expectations.

Expected project results include the 60% reduction in lead-time and an estimated NPV for the project of >\$3M.

This article was written with references from the following works:

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Mary Kay O'Connor is President of StartingPoint, Inc. She can be reached at mko@startingpnt.com or 913-360-5219.

Sylvia Wulf is Vice President, Sales and Marketing for Bakery Chef, LLC. She can be reached at swulf@bakerychef.com.