Chapter One

The World of Cross-Functional Teams

Cross-functional teams are at the heart of every motorcycle produced at Harley-Davidson Motor Company.
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The world and the world of business are changing. Individualism is out; teamwork is in. Specialization is out; a new-style generalism is in. Rigid organizational lines are out; fluid collaboration is in. Power is out; empowerment is in. Hierarchical organizations are out, replaced by network organizations, adaptive organizations, informational organizations, and horizontal organizations. Right smack in the middle of all this sit cross-functional teams, composed of experts ready to move quickly and flexibly to adapt to changing business needs.

Types of Teams

Despite what we call them, not all "teams" are teams. Some so-called teams are simply groups masquerading as teams, because in today's world it's important to be on something called a team. Keep in mind that there is nothing wrong with being a part of an effective group. For example, nine group leaders report to a division head.

[1]Brunelli, 1999, p. 148.

Each group leader has a set of objectives for which he or she is accountable. However, there is no overarching goal for which all nine are mutually accountable; interdependence only exists among several subsets of the group leaders. There is no joint product or service for which the whole group is responsible. Therefore, this is a group, not a team. Nevertheless, this can be a very effective structure.

A team is a group of people with a high degree of interdependence, geared toward the achievement of a goal or the completion of a task. In other words, team members agree on a goal and agree that the only way to achieve the goal is to work together. Many groups with common goals are not teams. The key is the requirement for interdependence. The three best-known types of teams today are functional teams, self-directed teams, and cross-functional teams.

The Functional Team

The classic functional team is made up of a boss and his or her direct reports. This so-called military model has been the staple of modern business. Despite all the talk about change, most organization charts still look like a pyramid. It may be a flatter pyramid but it is a pyramid nevertheless. There is comfort in having all the design engineers report to the same manager. Engineers like hanging out with other engineers, and other people like knowing where they can easily find an engineer. Issues such as authority, relationships, decision making, leadership, and boundary management are simple and clean.

The Self-Directed Team

There are as many ways of describing a self-directed team as there are consulting firms specializing in the process. For example, Development Dimensions International says that "a self directed team is an intact group of employees who are responsible for a 'whole' work process or segment that delivers a product or service to an internal or external customer. To varying degrees, team members work together to improve their operations, handle day-to-day problems, and plan and control their work. In other words, they

are responsible not only for getting their work done but also for managing themselves" (Wellins, Byham, and Wilson, 1991, p. 3).

Zenger-Miller emphasizes team size, cross-training, and individual team member responsibility when it defines a self-directed team as

> a highly trained group of employees, from 6 to 18, on average, fully responsible for turning out a well-defined segment of finished work. The segment could be a final product, like a refrigerator or ball bearing; or a service like a fully processed insurance claim. It could also be a complete but intermediate product or service, like a finished refrigerator motor, an aircraft fuselage, or the circuit plans for a television set. Because every member of the team shares equal responsibility for this finished segment of work, self-directed teams represent the conceptual opposite of the assembly line, where each worker assumes responsibility for a narrow technical function [Orsburn, Moran, Musselwhite, and Zenger, 1990, p. 8].

From Pfeiffer and Company, we get a narrower conception of a self-directed team. Consultants Torres and Spiegel seem to limit self-directed teams to a functional area in the production side of organizations. In their view, "A self-directed team is a functional group of employees (usually between eight and fifteen members) who share responsibility for a particular unit of production. The work team consists of trained individuals who possess the technical skills and abilities necessary to complete all assigned tasks. Management has delegated to the self-directed work team the authority to plan, implement, control, and improve all work processes" (Torres and Spiegel, 1990, p. 3). Although it is true that self-directed teams are more prevalent in production operations, especially in manufacturing, they also operate in the service side of a business. For example, many insurance companies have established self-directed teams in policyholder services.

Self-directed teams have been particularly successful in start-up sites. In these locations, there is no history or culture to change, there are no supervisors to retrain, and no power shift needs to be negotiated. But in spite of many advantages to self-directed teams, there are tremendous obstacles to successful implementation, especially in hierarchical organizations that have

no tradition of participative management or employee involvement. Many organizations are experimenting with self-directed teams for the wrong reasons—the most attractive reason being that it looks like an easy way to reduce the middle-management and supervisory ranks. However, a small number of quality companies are sincerely dedicated to successful self-management, and they are making it work.

The Cross-Functional Team

Sometimes called multidisciplinary teams (in educational settings, interdisciplinary teams), cross-functional teams are part of the quiet revolution that is sweeping across organizations today. There seems to be no limit to the possibilities for cross-functional teams. I have found them in a wide variety of industries doing an equally wide spectrum of business functions that were once done in isolation. To begin, it is important to understand that "a standard cross-functional team is composed of those individuals from departments within the firm whose competencies are essential in achieving an optimal evaluation. Successful teams combine skill-sets which no single individual possesses" (Doyle, 1991, p. 20). In addition, "an increasing number of firms are entrusting the product development task to teams composed of individuals from a variety of functional areas such as marketing, research and development, manufacturing, and purchasing" (Sethi, 2000, p. 2). It is important to note that the role of the cross-functional team in using the expertise of many different people is coupled with the task of *enlisting support* for the work of the team. This is critical for successful cross-functional teamwork (I will discuss this further in Chapter Seven).

Team Composition

Although some people question the viability of mixing people from different levels on the same team, at Motorola's assembly plant in Austin, Texas, this is not seen as a problem but as an advantage. People at Motorola believe that "members of a true cross-functional team should consist of all levels of management, operators, and technicians, and members from different organizations, including vendors and customers" (Kumar and Gupta,

1991, p. 32). In addition to including all levels, at some organizations, "leading customers, technology suppliers, and other contributors . . . are defined as insiders, interdependent with the organization and capable of being trusted and engaged in the new product development process" (Jassawalla and Sashittal, 1999, p. 58). Chapter Seven discusses the value of involving suppliers and customers.

At 3M's Industrial Specialties Division, cross-functional teams literally manage the whole business. Each product family (for example, adhesives, fasteners, urethane films) is managed by a cross-functional team that includes people from the laboratory, manufacturing, and sales who are responsible for the daily operation of the business, as well as new-product development (McKeown, 1990). Other companies, such as Pratt & Whitney and Hoffman La Roche, have reorganized parts of their businesses into product centers or specific lines of business with cross-functional teams driving the process. In some parts of the electronics industry, product development teams are called core teams, which are composed of eight to ten people from different functions involved in the day-to-day development of new products. They are "the single point of contact for all corporate functions involved in a development project, both for those involved in day-to-day development work and for managers within each function" (Whiting, 1991, p. 50).

Many consulting firms have reorganized their staffs into permanent multidisciplinary teams aligned with specific customers or market segments. For example, one of our clients, an environmental consulting organization, eliminated all its functional departments in favor of ongoing customer-focused teams composed of geologists, hydrogeologists, environmental engineers, chemists, and other specialists. What's new about this approach is that the teams are part of the permanent structure of the organization.

Talk of permanent team structures causes some cynics to suggest that cross-functional teams are simply a warmed-over version of the matrix organization popular in the 1960s (Davis and Lawrence, 1977). Although some of the issues (such as the sharing of resources) are similar, no cross-functional team leaders I know or have studied see themselves as the typical two-boss manager found in matrix structures. Cross-functional teams are more akin

to project organizations that must integrate various resource groups to achieve an agreed-upon product.

For the purposes of this book, I define a cross-functional team as *a group of people with a clear purpose representing a variety of functions or disciplines in the organization whose combined efforts are necessary for achieving the team's purpose.* The team may be permanent or ad hoc and may include vendors and customers as appropriate.

Which Team? When and Where?

Each type of team has its advantages and works best in a particular organizational setting.

- *Functional teams* work well in traditional hierarchical organizations in stable, slow-growth industries with predictable markets.
- *Self-directed teams* can be used in some of the same industries as functional teams and in many others as well, particularly in start-up sites or in organizations with an embedded base of participative management and a history of employee involvement.
- *Cross-functional teams* seem to be most effective in companies with fast-changing markets, such as the computer, telecommunications, pharmaceuticals, and similar industries that value adaptability, speed, and an intense focus on responding to customer needs.

So far, all of this looks pretty rosy. Just put together a group of people from different parts of the organization and let them go. Not so. Unspoken in all this discussion are the potential differences among the team players who come from different functions, different levels, and from outside the formal organization. Some players may be friendly colleagues with positive team experiences; some may be antagonists with memories of past wars; still others may simply have never met. It is extremely important for everyone involved to see the team as more than a joining of functions; they must also see it as a blend of real people with different histories, team-player styles, and priorities.

Working with Diverse Team Members

Recent survey results, the large number of books (see the References section) and conferences, and plain old-fashioned observation tell us that teams have become an important business strategy in today's competitive environment. Central to this shift are a series of unusual collaborative efforts. These new-styled teams are composed of people from a variety of functions who may know and like each other, or who may be enemies, or who may simply be strangers.

Some Are Strangers

Sometimes team members have never met before the first team meeting. An automobile design engineer from Detroit may never have talked with a Ford dealer from Langhorne, Pennsylvania. The reason may not be simple geographical separation, however; a marketing professional may never have run into the government affairs attorney, even though they work in the same building for the same company. One key dynamic of a cross-functional team is that many team members do not know each other. Sit in on the first meeting of a new cross-functional team and you will probably see (or hear) member introductions as one of the first activities.

Some Are Colleagues

Sometimes team members may have worked together on past project teams or were colleagues in the same department. For example, if the research scientist and the manufacturing manager have a common understanding of customer needs, their past association can help jump-start the team. However, if they are old turf-war enemies, the team will begin with a conflict to resolve.

Some Are Friends

Sometimes team members know each other but have never worked together. For instance, the social studies teacher and the English teacher have shared lunch together for years in the faculty room.

Now, however, they are part of the seventh-grade team, which must develop a coordinated curriculum. The computer programmer and the accountant have carpooled together, but now they must team up to develop a new tracking system. Sometimes informal associations play out well in more serious cross-functional team environments, but not always.

Some Are Enemies

Some team members have worked together in the past, and it has not worked out well. They did not get along. They fought over the issues. However, although some interpersonal conflict does lead to people becoming enemies, more often team members come to the team from "warring" departments. They may not know each other, but they make certain assumptions about the other person that are based on the function he or she represents. They may have had bad experiences with people from that area in the past, and they assume they will encounter similar problems with this person. For example, "as an engineer I know that the people in marketing always give us a hard time." Similarly, "the lawyers in the legal department usually begin by telling us why we can't do something rather than figure out a way to get it done." As a recent study in technological organizations points out, there is a long-standing rivalry between engineers and marketing people "because engineers accustomed to having a lot of clout fear sharing power with marketers and often mistrust the quality of marketing information they receive" (Yu, 2001, p. 1). Stereotypes abound and lead to endemic obstacles that must be overcome.

Dimensions of Cross-Functional Teams

There are many ways to categorize cross-functional teams. One way is to look at them in terms of three dimensions: (1) purpose, (2) duration, and (3) membership.

Purpose

Teams vary in their purpose or goal; for example, they may be devoted to product development, systems development, quality

improvement, problem solving, or reengineering. The mission of the IBM PDxT Team was to deliver a course for managers of remote employees, the University of Alabama's Distance Education Task Force was charged with improving the quality of distance education, and the Project Team in Boeing's Aerospace Division was responsible for developing new products and improving existing products. There is almost no end to the possible purposes for which organizations create cross-functional teams.

Duration

Teams tend to be either permanent or temporary (sometimes referred to as ad hoc). Permanent teams include the functional department teams and others that are built into the ongoing organizational structure. In other words, you can find them on the company's organization chart. The Clark County (Nevada) Major Projects Review Team is a permanent team in the county government organization responsible for review and action on applications for land use development. Temporary teams include task forces, problem-solving teams, project teams, and a variety of short-term teams set up to develop, analyze, or study a business issue. The COMET team at BOC Gases was an ad hoc team charged with developing a new incentive plan.

Membership

The membership of a cross-functional team can be as varied as the organization itself. The team is almost always composed of people from various functional departments but may also include vendors, suppliers, consultants, and customers. For example, the IBM PDxT Team included a customer project manager as a full-time team member whose presence was considered a real benefit because it speeded up the overall process. In global teams, membership may be cross-cultural, which adds a more diverse point of view to the team's deliberations. Some global teams may also be so-called virtual teams because members complete their task using electronic means of communication without the benefit of in-person meetings. You can find more on cross-cultural and virtual teams in Chapter Twelve.

The Culture of Cross-Functional Teams

The diversity of cross-functional team players creates a new culture. Therefore, it is important to understand that in creating a cross-functional team, you are fashioning a potentially powerful organizational vehicle. Although it lacks the simplicity of a functional team composed of, for example, six engineers all reporting to the engineering manager, a cross-functional team has a greater chance of realizing the potential synergy of that old axiom: *the whole is greater than the sum of its parts.* This group of allies, enemies, and strangers can weave together a cross-functional design that is an amalgam of many cultures.

Team sponsors and team players must understand that the beauty of the idea of putting together a diverse group of people to launch a product, develop a new system, or solve a business problem is not enough. A good concept is not enough. Diversity is not enough. Sethi's study of new product teams found that "merely having a functionally diverse team is not sufficient for the emergence of quality. Instead, product quality seems to depend on how effectively members from different functional areas integrate information and perspectives" (Sethi 2000, p. 11). In practice, it requires the migration from a parochial view of the world—my function, my values, and my goals are paramount—to a broader view that "we're all in this together." We need to understand, appreciate, and utilize the data and opinions that each person brings to the team. Success is team success; rewards are team rewards. And if the team fails, the members share the blame.

Implications

For a manager responsible for team development or a leader of a cross-functional team, the implications are clear:

- Insist on having a clear team goal and a plan to achieve it.
- Work hard to gain the commitment of team members and other stakeholders to the team's goal.
- Emphasize collaborative efforts and team rewards.
- Provide training on how to work with a diverse group of people.
- Create a set of policies and procedures that support a team-based environment.

Looking Back: Some Issues to Consider

1. What do you think of Motorola's practice of including people from different levels on cross-functional teams? How would that work in your organization?

2. Who are the "warring departments" in your organization? What is their impact on cross-functional teams?

3. Review the list of where each type of team (functional, self-directed, cross-functional) seems to work best? Do you agree? Are there other settings in which each type can be used?

4. Look around at the team landscape in your organization. Where can you see a greater use of cross-functional teams?

5. Think about the culture of your organization. To what extent is it supportive of the practice of creating a team composed of people from different parts of the organization?