Managing Cross-Functional Teams

Balancing Team Needs and Functional Lines

Barbara is a manager with more than 10 years of successful leadership experience.

She's been put in charge of a cross-functional team whose objective is to create a new way to package their company's products.

She thought that she was prepared for this role, and she was really excited about working with such a diverse group of people.

The trouble is, things aren't working out at all!

All of the members of the team are highly accomplished in their functional areas, so Barbara assumed she could leave them with their respective tasks – and then meet every so often to move the project forward. She does this with her regular team all the time, and they come back with excellent results. But that's not happening with this group.

Draw together varied expertise to achieve more. © iStockphoto/AndrewJohnson

Every meeting becomes an argument about which issues have the highest priority, and which perspective is the right one. In fact, every time people meet, there seems to be less progress than before, and people are obviously frustrated and de-motivated. Barbara thought that if she put together a team of responsible, highly capable individuals, they would be easy to manage. Instead, she feels as if they need one-on-one supervision to do even the smallest task.

Why is Barbara having so many problems?

The Uniqueness of Cross-Functional Teams

Cross-functional teams are significantly different from teams that are aligned on one functional level. For example, a group of marketing people generally "speak the same language," and they have a solid understanding of what their department is trying to accomplish. With a cross-functional team, you may have representatives from a wide array of specialties – finance, accounting, operations, legal, human resources – and each person has his or her own perspective and issues. This diversity is both the reason why cross-functional teams can be highly effective, but its also the reason that they're often problematic.

In this article, we'll look at the specific challenges of leading a cross-functional team versus a single-function team. And we'll show you how best to use the creativity and capabilities that a cross-functional team can provide.

Leadership is Essential

It's not enough to simply manage a cross-functional team - you must lead it. Strong leadership creates and fosters team unity, and that leadership is key to your success. Because of outside pressures, this type of team must have internal strength and commitment to survive. At the same time, the team leader has to know when and how to allow functional experts to take the lead. After all, when you bring together a group of highly talented people, many individuals within the team may know more about the problem – from their own perspective – than the team leader.

This situation requires a careful leadership balance. Tasks must be tightly coordinated and organized, and yet people must be free to use their talents and expertise as needed. As such, being able to adopt an appropriate **leadership style** ⊕ is key to leading a cross-functional team effectively.

Build Upper Management Sponsorship and Support

One of the team leader's main responsibilities is to ensure that the cross-functional team has the full support of key stakeholders within the organization. The managers in every affected functional area must support the project. The team's objectives must be seen as a priority, or it will be too difficult for individual team members to find the time and resources necessary to complete their tasks.

When the team has enough high-level support, senior managers can ensure that people within the organization understand the team's objectives and how they fit with the big picture. It's important to remember that the relationship between the functional departments and the cross-functional team is dynamic – it's constantly evolving and changing. Therefore, be sure to monitor the relationship and the priorities on a regular basis.

Set Clear Objectives

Before you can convince the organization that your objectives are a priority, members of the cross-functional team have to be clear about what those objectives are. Each team member must be reminded often of the goals. This helps the whole project stay on target, despite the occasional outside influence. A **team charter** ⊕ is useful here, as a great way of keeping everyone focused, as well as for establishing basic standards for working together.

To add more strength to the cross-functional team's goals, senior managers may want to ensure that making the project a success is one of the departmental goals of each functional department. Since cross-functional teamwork is often not related to a person's regular duties, he or she has competing responsibilities. When departmental goals are aligned with cross-functional team goals, there's much more scope for cooperation, and a higher likelihood of success.

Communicate Clearly and Widely

A common theme in this discussion is effective communication. Cross-functional teams can include team members from across the whole organization, therefore appropriate people from across the organization need to understand what's going on, so that the team's objectives aren't forgotten or dismissed. By communicating appropriately right from the start, you can avoid rumors and misinformation, raise awareness of the team's objectives, and build relationships that will be needed later.

Team members themselves must remember to talk with appropriate people within their departments about what the team is discussing and deciding. As such, they can present the benefits and risks of decisions in ways that their colleagues will understand. This helps to reduce mistrust, and it gives team members a chance to show their support for and unity with the team, despite opposition that may exist from within their departments.

Build Positive Team Dynamics

While communicating outside the team is essential, internal team communication is equally important. Honesty, respect, and trust are fundamental in cross-functional teams, even more than in departmental teams.

Team members often have to compete for organizational resources, so when you ask them to work together, spend sufficient time building trust and creating an environment of open communication. These people are also likely to be very diverse in the way they think, analyze, and solve problems. If you build trust between them, then they will be much more likely to contribute freely and openly to discussions, even when they know their ideas won't be popular or agreed with.

Make sure that you're aware of the **Forming, Storming, Norming and Performing** ⊕ model of team development, and do what you can to guide your team through these performance stages. In particular, consider using **Ice Breakers** ⊕ so that people can get to know one-another, train people in **Conflict Resolution** ⊕, and allow plenty of time for **group decision making** ⊕.

Adopt the Right Approach to Motivation

As mentioned earlier, linking the cross-functional team's success to the success of each functional department is a powerful way to gain support and increase motivation, where this can be achieved.

Establish clear performance standards and expectations related to the team. Individuals need to know how well they're performing as a member of the cross-functional team, and that evaluation should be separate from the functional

department evaluation. In these situations, the team member has two distinct roles, and maintaining a clear distinction is helpful, particularly when the team's decisions require compromise and resources from a functional department.

When individual rewards are based on clear performance standards, it helps secure personal commitment and effort toward team goals, and the team leader and functional department leaders should administer these rewards respectively.

It's also often a good idea to reward the team as a whole. This contributes to team unity and cohesiveness.

All of these rewards should include formal and informal recognition. It's just as important to hear people say "thank you" on a regular basis as it is to receive something tangible. Recognition events can also communicate team success, and demonstrate this to the wider organization.

Make Sure People Have Enough Time to Contribute

When you're leading a cross-functional team, you need to be careful to manage he expectations of team members and their functional managers as to how much time team members need to spend on project work as opposed to departmental work. To establish the right balance, the department manager needs to give up some authority, and the cross-functional team leader has to be aware of departmental needs. Team members should not feel torn between their departments and the needs of the team: people in this situation aren't likely to give 100% to either role. Establishing a dual reporting structure is often the best solution, if the leaders communicate well with each other.

Also, when you create a cross-functional team, you also have to give it adequate decision-making authority. This isn't an easy adjustment for many organizations!

And it's not just the functional leaders who have to make changes: senior managers must also support the team's decision-making authority, and not override or otherwise undermine that authority. A cross-functional team brings together individuals with specific expertise to explore issues thoroughly and solve a problem. This needs to be supported by everyone, if you're going to be able to take full advantage of the cross-functional effort.

Key Points

Business decisions often need the input of people in more than one functional area. This leads to a better understanding of the big picture, allowing people with different ideas, perspectives, and expertise to voice their ideas and find creative and innovative solutions to problems that the organization is experiencing. However, combining all of these voices in one cross-functional team creates its own unique set of challenges, requiring specialized team management and leadership skills.

By providing adequate support in overcoming team formation issues, recognizing the talents and contributions of each individual, establishing open and honest communication within the team and the organization, and keeping the team focused and motivated, you provide the foundation for cross-functional team success. However, done well, you'll have amazing results, and improve performance significantly!

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