

# Is cross-functional collaboration the key to transformational performance?

*Co-created by HR Fusion and There Be Giants*





# Executive Summary

**Have you ever wondered why some things just seem to work together like they're meant to be? Salt and pepper, wine and cheese, yin and yang - you know the drill.**

There are countless things we love today that began as a single idea that developed into something spectacular after partnering with another.

The list of how the world is changing is not exhaustive as we consider everything from the pandemic, the cost of living crisis, housing shortages, social care crisis to shifting ways of working, five generations in the workplace, and an aging population.

A key question, therefore, needs to be: how can we work smarter, not harder, whilst adapting to ongoing changes and improving organisational performance?

This paper draws from both HR Fusion and There Be Giant's own research and the broader body of existing research to investigate how essential cross-functional working is in promoting collaboration and if it might be the key to transformational performance for individuals, teams and organisations in our constantly evolving world.





# Section 1: Cross-functional working in theory

## Cross-functional teams

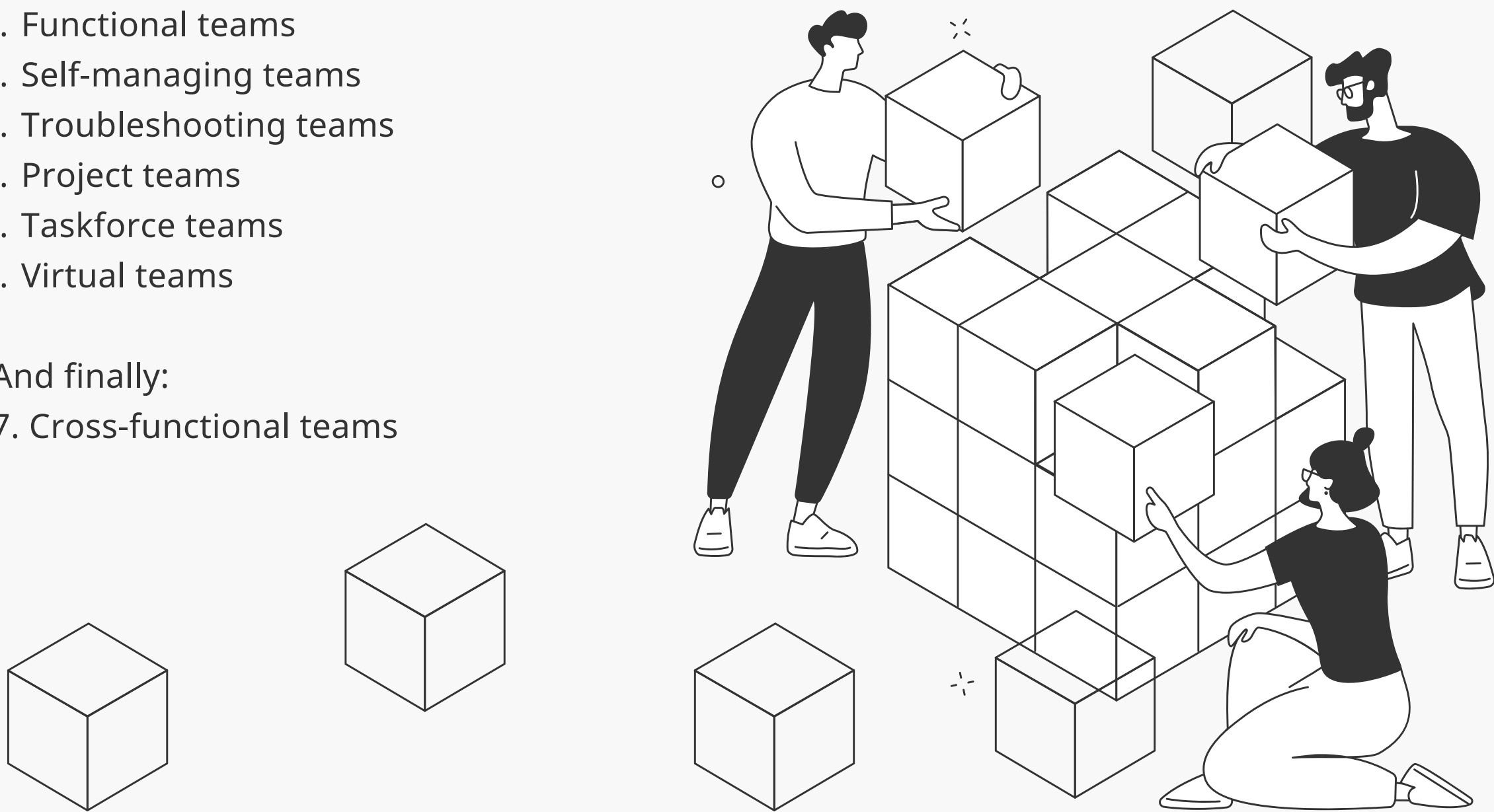
To understand cross-functional collaboration, first we need to acknowledge that there are multiple types of teams companies are made up of.

[An article recently updated on Indeed](#) suggests there are seven types of teams:

1. Functional teams
2. Self-managing teams
3. Troubleshooting teams
4. Project teams
5. Taskforce teams
6. Virtual teams

And finally:

7. Cross-functional teams



While the first six types of teams are either siloed or temporary, project or task-based; cross-functional teams utilise collaborative behaviours at the core of how they work.

Whereas silo working occurs when several departments within that organisation do not want to share information or knowledge with other individuals they work with; **cross-functional teams come from various departments to work in collaboration**, hence the phrase cross-functional collaboration.

These teams are useful for jobs and projects that require different expertise and viewpoints.

Cross-functional teams are, therefore, the focus of this report and research undertaken to understand the impact of this collaborative style of working on transformational performance.



# Section 1: Cross-functional working in theory

## Cross-functional approaches

In order to accomplish a common goal, cross-functional teams bring together people from different domains to share their knowledge, expertise, and experiences.

There are many approaches to help teams from different disciplines work with more collaboration, notably Agile which was introduced in the early 2000s by software development practitioners who observed the increasing need for an alternative to bureaucracy and hierarchical ways of working.

### Agile, agile, agile

Agile is often seen as a method, model, tool, or framework, but it's also a mindset which resonates from the agile manifesto and embeds a culture of cross-team working and transformational change.

The Agile approach to cross-functional teams could be considered an ongoing effort by businesses (including popular ones like *Google, Facebook, Netflix, and Amazon*) to find agile and innovative solutions to the various challenges they face during project planning, project management, and team collaboration.

An example cross collaborating model used within Agile, is Scrum. Scrum is *"a way to get work done as a team in small pieces at a time, with continuous experimentation and feedback loops along the way to learn and improve as you go"*, as cited by [Scrum.org](https://www.scrum.org).

The methodology of scrum is all about enabling a cross team of people from different disciplines, focusing on the team, having sprints (also known as 'time boxes') in which the team agree to achieve objectives, regular scrum meetings where members of the scrum update on what they have done, what they will do and what if anything is getting in their way.

According to author, Jeff Sutherland, and the wealth of case studies in the book, *"Scrum accelerates all human endeavours. The type of project or problem doesn't matter – scrum can be used in any endeavour to improve performance and results"*.



An example of Agile in practice is Pixar; in a book by Ed Catmull in which he detailed Pixar's journey to success, he demonstrates his passion for excellence and building a creative culture.

In order to do this, he created a cross-team tool which he called *'the brain trust'*.

This mechanism helped Pixar push towards excellence and root out mediocrity, by enabling the project manager (using regular cross-team meetings) to look briefly through other people's eyes at what was being created, thus enabling smarter thinking.

While agile is a designed tool for cross-team collaboration for high-performing teams, **many organisations practice cross-team working in a more informal and organic way**. Therefore, more research is needed to determine which style is the most effective and impactful for you.



# Section 1: Cross-functional working in theory

## Cross-functional impact

How do we know that cross-functional working has a positive impact on organisational performance?

Firstly, the Workplace report suggests that introducing cross-functional working can see:

- Faster progress
- Robust results
- Improved creativity and innovation
- And increased engagement and team spirit

Siloed departments and cross-functional teams sit at opposite ends of the team collaboration spectrum. "When employees are isolated from their colleagues with different roles and departments, there's often a heavy price to pay for the wider workforce". - (Workplace, n.d.)

A recent report generated by PGI.com also found that effective workplace collaboration can increase successful innovation by up to 15%.



However, in a now outdated Harvard business review (HBR) article, the research identified that 95 teams in 25 leading corporations found nearly 75% of cross-functional teams dysfunctional.

The review states that the teams failed on at least three of five criteria:

- 1.Meeting a planned budget
- 2.Staying on schedule
- 3.Adhering to specifications
- 4.Meeting customer expectations
- 5.Maintaining alignment with the company's corporate goals

"Cross-functional teams often fail because the organisation lacks a systemic approach. Teams are hurt by unclear governance, by a lack of accountability, by goals that lack specificity, and by organizations' failure to prioritize the success of cross-functional projects". (Tabrizi Behnam, 2015).

**There's much we can learn from the failures of the past. Growth means more people, more teams – even in this digital age where automation means greater efficiency.**

**With any organisational expansion comes complexity and also a carving up of budgets and resources, and that can fuel a degree of protectionism if not kept in check.**



# Section 1: Cross-functional working in theory

## How to succeed at cross-functional working

Clearly, there are documented positive results from cross-functional working if a structured, systematic and governance approach is adopted, rather than an organic way of working.

**So how do we ensure cross-functional working is effective and improves transformational performance?**

Within Behnam's research noted above, four golden rules for successful cross-team working were identified:

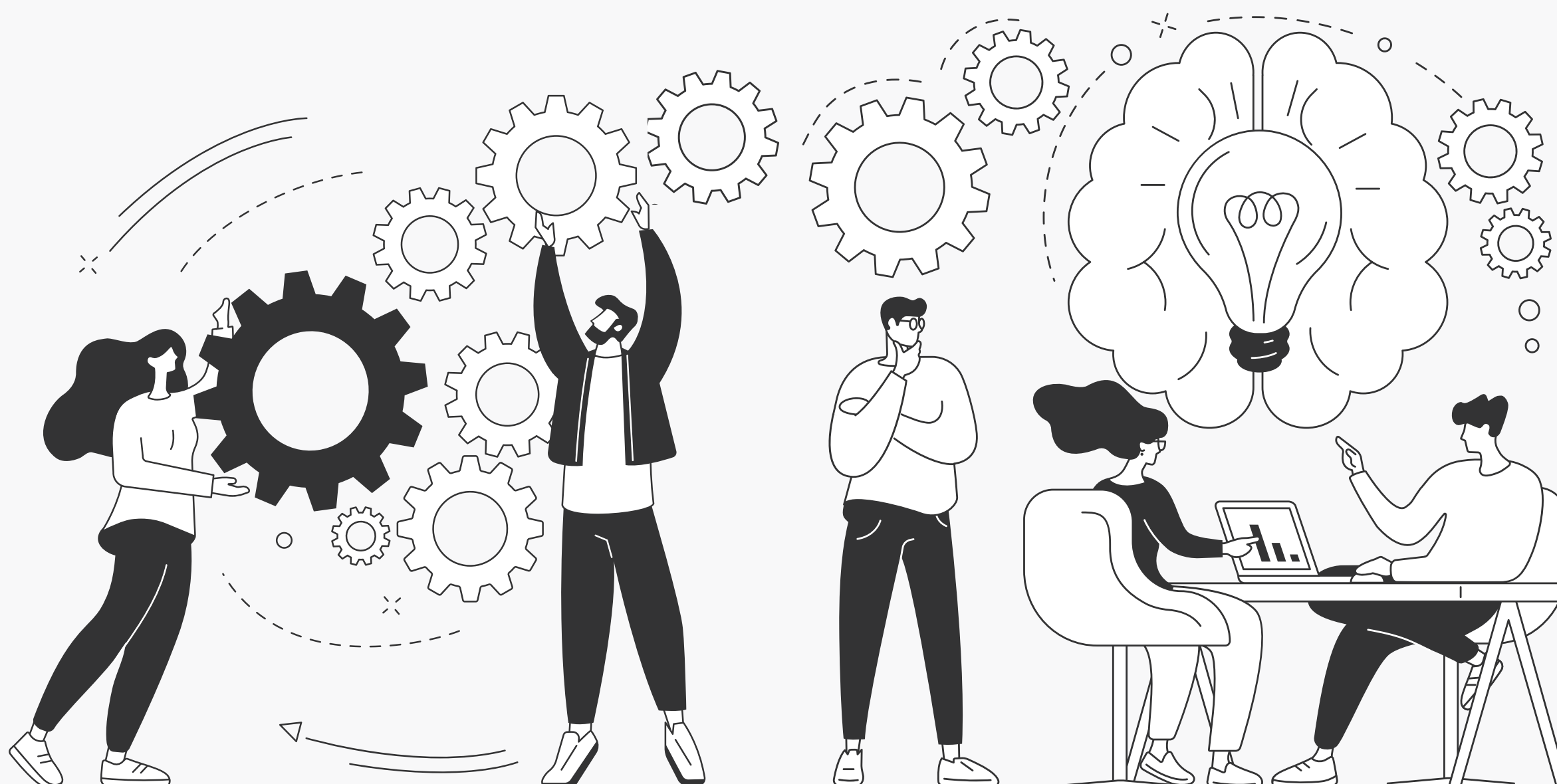
- Every project should have an end-to-end accountable leader
- Every project should have clearly established goals, resources, and deadlines
- Teams should have the project's success as their main objective
- Every project should be constantly re-evaluated

The [Workplace report we referred to earlier](#) suggests five cross-team collaboration "tips to boost the success of your cross-team collaboration".

1. Assemble your team carefully
2. Host a kick-off meeting
3. Keep track of progress
4. Make the most of your meetings
5. Set a transparent decision-making process

Our secondary research consistently suggests that cross-functional working can have a positive impact on transformational performance if structured ways of working tailored to the organisation's culture are in place and monitored through effective governance.

**Organic cross-functional ways of working can yield results, but perhaps not as effective as more structured models.**



## Section 2: Cross-functional working in practice

### *What business leaders had to say about cross-functional collaboration*

While it's great to see what research from books and articles tell us about cross-functional collaboration, we wanted to see what business leaders had to say on this topic.

The following information was collected through a questionnaire, with a sampling of 22 respondents from various UK-based companies. It includes organisations from sectors and industries such as; **Local Authorities, Housing, Hospitality, Telecommunications, Laboratory Testing Services, Healthcare (NHS) and not-for-profit.**

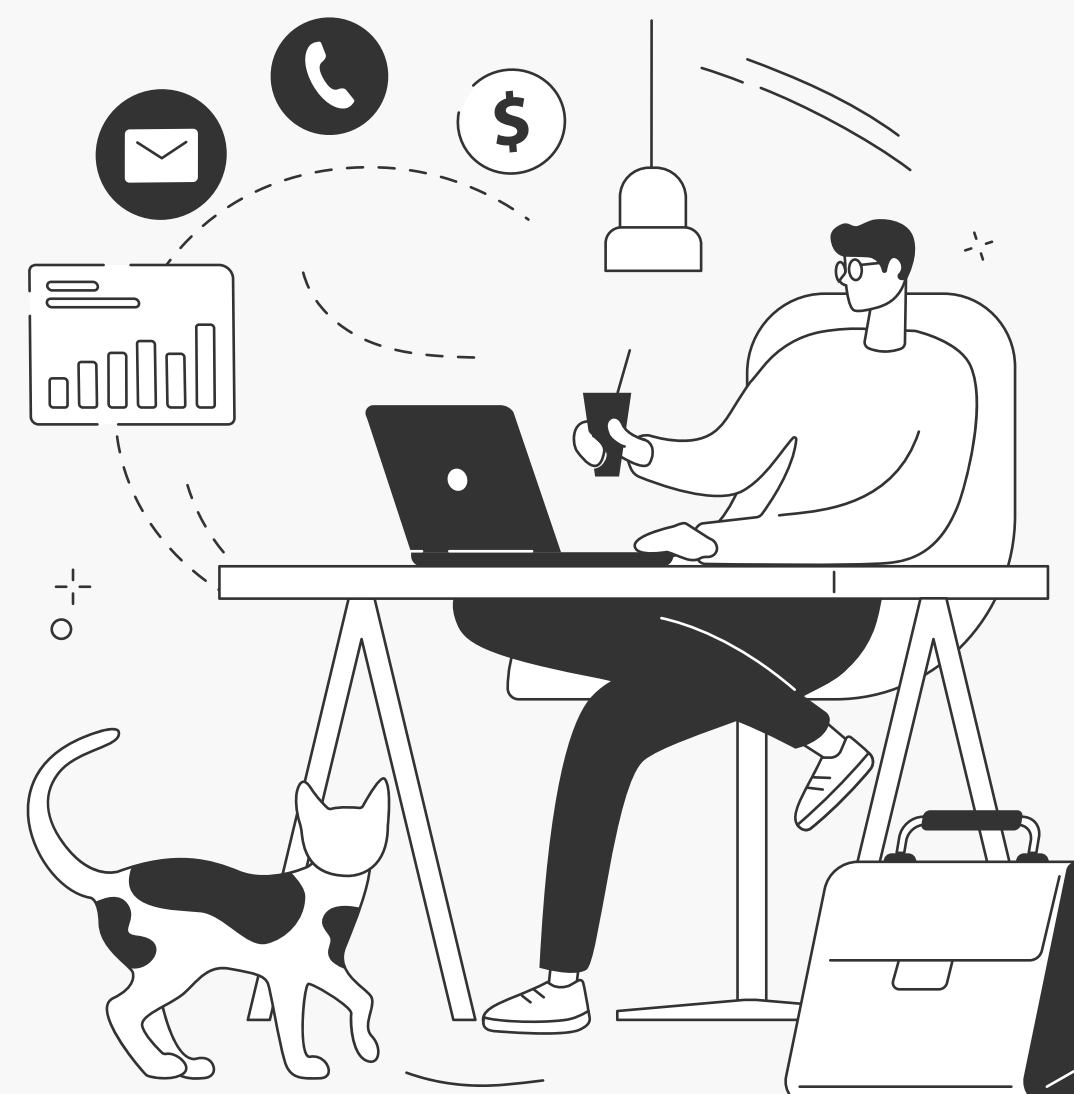
#### A) Organisational profile

- The majority of the organisations surveyed self-described as having a hierarchical structure with **30% stating they had a matrix (agile) or flat structure**, suggesting a predominance of traditional, perhaps more bureaucratic and more siloed organisations than agile models.
- **100% of respondents are UK based** with most employing around 500-1000 employees.
- The predominance of the location of employees, however, was **hybrid**; with employees working both at home and office premises to deliver their roles, perhaps accelerated due to COVID-19 without being able to adopt proper governance in new ways of working.

#### B) Ways of working results

Almost half (**45.5%**) of the organisations surveyed suggest they work in silos around **51-75%** of the time (rather than cross-functionally); with **81.8%** believing this to be a blocker to their organisational high performance, for the following reasons:

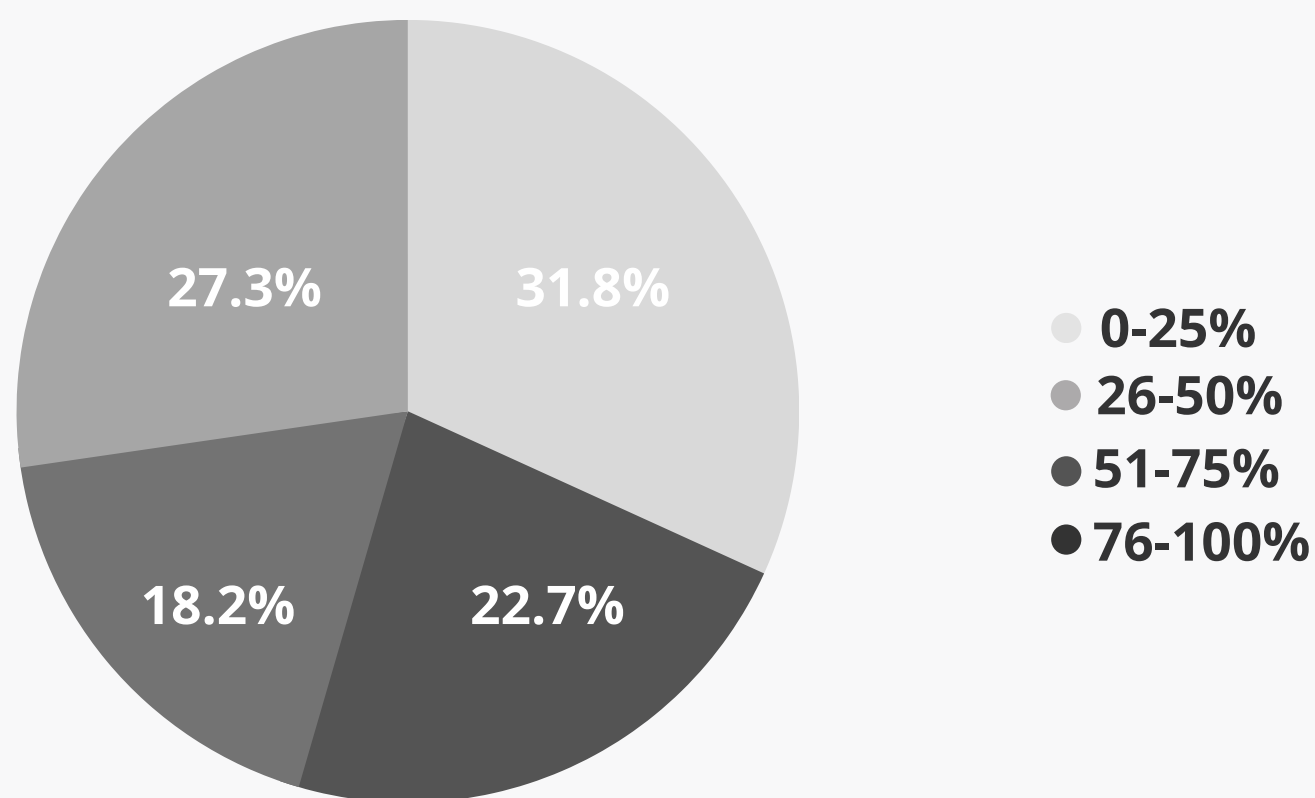
- In silo working there can be a **lack of understanding** of the different functions objectives and purpose which can be hidden by internal politics and personal feelings,
- Individuals can be focused on completing their task rather than appreciating the **overall impact of the role** they undertake on behalf of the customer,
- Without cross-functional working, **you can't see the big picture**, or how/what you do can influence and impact others,
- Silo working can **result in teams working hard as opposed to working smart** and concentrating efforts in a localised/silo way, rather than reviewing processes and working across teams,
- Silos create replication and duplication **causing an impact on performance**, working in silos is a closed-minded approach, if you only focus on your own team's performance levels, you will never increase the overall performance of the business.



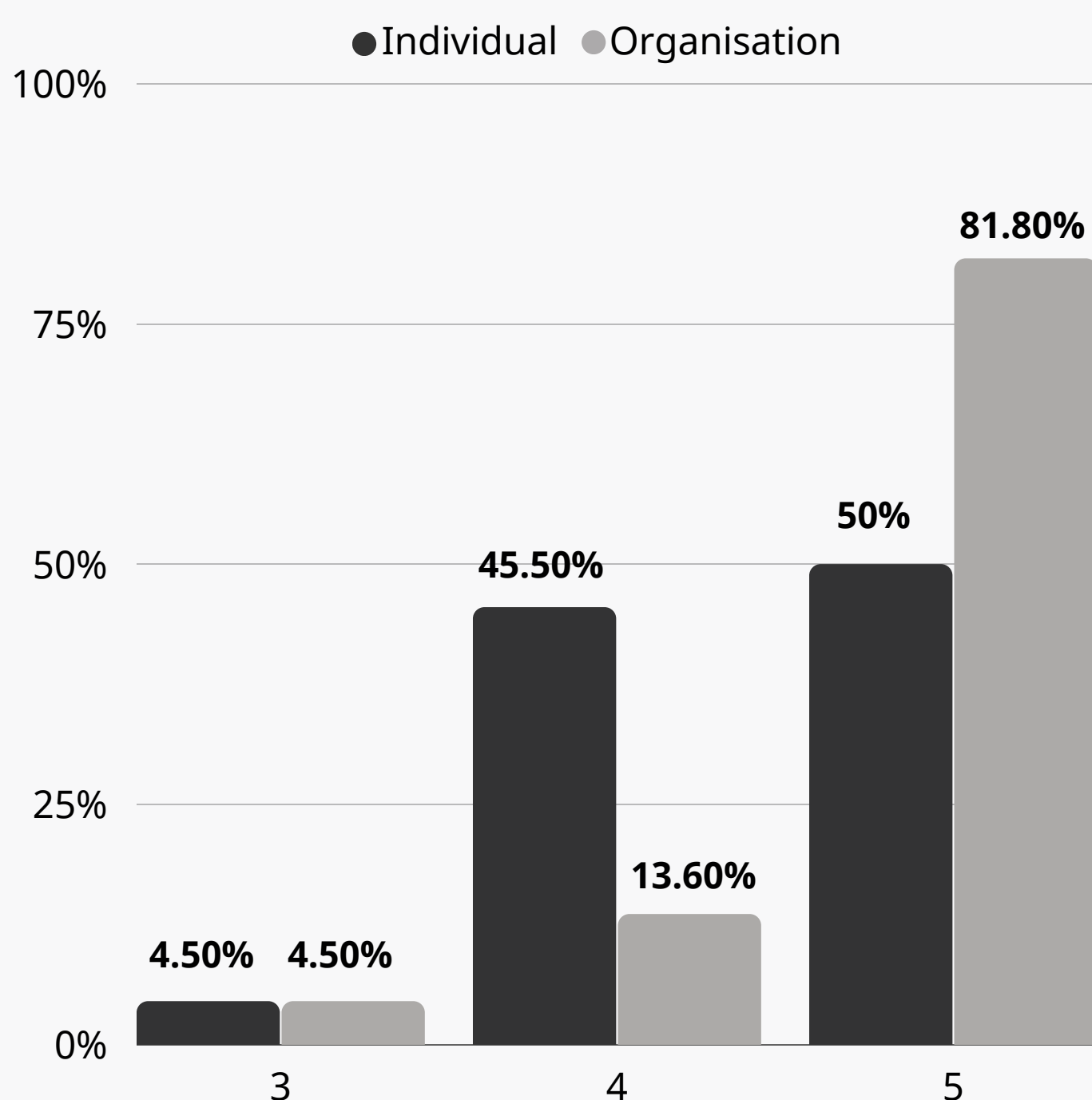
## Section 2: Cross-functional working in practice

### What business leaders had to say about cross-functional collaboration

Given these results, it's perhaps not surprising that the results 'what percentage of your workforce do you believe works cross-functionally with ease when necessary, is mixed. This pie chart shows that **32% of organisations work cross-functionally only 0-25% of the time.**



Yet, **95.5% believe cross-functional work is an enabler for high performance**, with 100% of respondents saying they would like to see more cross-functional work in their organisations; clearly identifying a gap between current ways of working and the actual application of collaborative working.



**Perceived impact of cross-functional working on performance**

100% of people surveyed stated they would like to see their companies do more cross-team work.

#### C) Cross-functional working impact

- When respondents were asked to what extent cross-functional working contributes to a high-performing culture, **95.4% voted '4 or 5' out of 5** (it's vital) with the same number of respondents agreeing that cross-functional working has a high impact on an individual's performance.
- However, when asked the same question about the impact on an organisation's performance, **81.8% scored 5/5 whereby cross-functional working has a vital impact and 13.6% scored 4/5**, therefore, suggesting that respondents see a bigger impact on organisational rather than individual performance.



## Section 2: Cross-functional working in practice

### *What business leaders had to say about cross-functional collaboration*

Furthermore, 68.2% of organisations believe that cross-functional working enables companies to swiftly adapt to the opportunities and threats they are facing in an evolving world, both now and in the future.

The benefits the respondents have seen when practising cross-functional working are:

- A greater sense of purpose (**100%**)
- Issues resolved faster than before (**90%**)
- 'Stronger engagement' and 'Better quality of work and output' (**86%**)
- And an attributable increase in profitability (**45%**)



Whilst these are encouraging results focussing on hard, measurable outcomes; there was a marked decrease in responses for softer measures such as happiness, staff morale, and customer engagement, with only 1 response each.

However, one company stated that issues can also arise from cross-functional working which in turn can create negative impacts on performance.

In addition to this comment, another organisation suggested that silo working can cause constraints but doesn't block things from getting done, and it certainly doesn't undermine culture.





## Section 2: Cross-functional working in practice

### What business leaders had to say about cross-functional collaboration

#### D) Cross-functional tools and measuring the effectiveness

- Working groups were identified as the most popular way for organisations to encourage cross-functional working with 73% of respondents using these to embed collaborative working. **Objectives & Key Results (OKRs) were also popular with 64% of organisations using these to drive performance.**

Agile project management (60%) and self-managing teams (32%) were also being utilised, suggesting some structured collaborative tools in place.

- Respondents were also asked **what tools their organisations use to manage goal/objective setting** and to rate its effectiveness. The results were mixed, with informal 1-2-1s and team/individual objective settings being cited with various levels of effectiveness.

This may be attributable to the hierarchical nature of the organisations surveyed, using more traditional ways to manage performance.

- Lastly, the group were asked how they measure the effectiveness of cross-functional working, some of their comments are as follows:
  - “[effectiveness of cross-team working] not measured”
  - “By the achievement of our OKRs”
  - “Using a project management summary report”
  - “Currently measured by profit”
  - and a few people said that they “did not do any measurements but it was something they will be doing more of in the future”

One respondent noted that working cross-functionally improves service quality, removes waste from processes, and ultimately improves colleague and customer satisfaction.

However, respondents also highlighted that too many priorities fail to deliver large goals because the smaller, interconnected steps are ignored for short-term gains with collaboration and cross-selling being key to innovation.

We believe that **this is where clear goal setting with a methodology like Objectives and Key Results (OKRs) really shines.** Introducing unambiguous OKRs helps get every team member on the same page and working toward the same core vision.





# Conclusion and Final Thoughts

It was identified in Part A of this report that structured ways of working, tailored to the culture of the organisation, **can have a positive impact on transformational performance**. Organic cross-functional ways of working can also yield results, perhaps not as effectively as more structured models.

In Part B, a sample of organisations was surveyed to understand the current ways of working, impact and appetite for cross-functional working. **The results identified that half of the organisations work in silos and believe this is a blocker to their organisational performance.**

These organisations are only cross-functionally working a quarter of the time yet recognise that this is an enabler for high performance which will help them to adapt to the changing world and instil a greater sense of purpose.

Given the research, this poses the question of why these organisations have not yet adopted this way of working to improve transformational performance, suggesting it may not be as easy as first seems.

## So, is cross-functional collaboration the key to transformational performance?

From all the research in this paper, **the answer appears to be yes**, however as with most great concepts there are always two sides to the story.

Whilst the evidence in this paper talks about all the great things cross-functional working can do for your company, **it's very much based on having a clear systematic approach with robust tools, governance and measurements**. And not forgetting the importance of collaboration and transparent decision-making to embed a successful cross-functional approach that yields measurable results.



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# Conclusion and Final Thoughts

## What do we recommend?

For the activities, projects or initiatives which represent your absolute priorities, using **Objectives & Key Results (OKRs) is the best approach.**

When focused on transformational activity, its blend of crystal clear goal setting allied to a cadence of focus which ensures problem-solving, learning and progress can deliver breakthroughs for organisations that have previously found it challenging to build alignment across key areas of the business.

**There Be Giants** help to implement OKRs that will be most impactful to your business growth. With a proprietary methodology, they believe that growth should not mean that a business has to lose its agility and spirit. If the business doesn't adapt as it scales, though, it most certainly will.

Implementing the right OKRs ensure that your business maintains momentum while achieving ambitious goals.

**Learn more about the proven process for successful OKRs**



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# Conclusion and Final Thoughts



## Who are HR Fusion?

**HR Fusion** was launched in 2022 and is based in the West Midlands. They offer company leaders support with Organisational Development, Human Resources, Professional HR Development and Thought Leadership.

With over 20 years HR and OD experience, Rachel Bennett, Director of HR Fusion is a strategic authentic HR leader in the space, making a difference to colleagues and companies alike.

Rachel is now researching for a book she's writing about company culture, what it is, and how we can diagnose and change it one step at a time.

If you're interested in improving or changing your company culture, Rachel wants to connect.

[Connect with Rachel today](#)

