# Highly Effective Cross-Functional Team in a Competitive Environment

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CHAPTER 2: LITERATURE REVIEW

Searches of Articles, Research Documents, Journals, and Books

The purpose of this study is to explore opportunities for effective leadership of cross-functional teams. In addition, this qualitative Delphi study will explore leaders’ decision criteria in selecting cross-functional team participants in the competitive environment.

The use of the Delphi method is selected as most appropriate to forming a consensus of experts on the present research subject, highly effective cross-functional teams in a competitive environment. The Delphi method ensures an abundance of rich and contemporary information about the skills and social processes involved in leading cross-functional teams in a competitive environment (Skulmoski, Hartman, & Krahn, 2007).

The identified populations for this study include capture team leaders, proposal managers, subject matter experts, and executives. In order to add validity to the research, vice presidents in three major business units and retired government acquisition employees were interviewed. The general population locations include California, Missouri, and Washington.

Review of Literature

A preliminary search of available resources dealing with leadership of cross-functional teams developing new business campaigns is being conducted. The search is followed with a basic analysis of the subject matter to determine significances and contributions of the key factors that contribute to the development of cross-functional teams in the new business development process. The topic search includes theoretical concepts and practical applications of leadership decision-making methods.

The research includes peer-reviewed Web-based articles and magazines, texts, and dissertations. Electronic sources available from the University of Phoenix online library include ProQuest, EBSCOhost, Gale PowerSearch, and ProQuest digital dissertations. Keyword searches include word combinations of cross-functional, project, and multifunctional teams. Internet searches are being performed using commercial search engines, such as, Google and Dogpile, using the same keyword combinations. Searches using Bing.com, Questia, and Google Scholar online library yield results similar to that of the University of Phoenix Online sources.

Research and references are collected through both electronic and conventional means. Different combinations of keywords and phrases are used to stimulate the search to collect as many academic sources as possible. Although the search for primary source literature is not exhaustive due to the infinite amount of resources that can be retrieved from the World Wide Web, the results provided in the study serve as the basis. A review of past and present studies suggest leadership of cross-functional teams are not a new concept, yet despite the advantages, the concept is not used to the fullest extent of the capabilities.

**Historical Perspective of Cross-Functional Teams**

While they undoubtedly were in use, by other names, earlier, it was only in the early 1950s that cross-functional teams came under study. Examination of their roles, composition, and benefits since then is marked by a long list of milestones: Bavelas and Barrett in 1951; Shaw in 1954; Gladstein in 1984; Ancona and Caldwell in 1992; Donnellon in 1993; West and Anderson in1996; McDonough III, and Holland, Gaston et al. in 2000; Keller, and Reagans and Zuckerman in 2001; Bonner, Ruekert et al in. 2002; Reilly, Chen et al.in 2004; and the studies go on.

What might almost be called a side benefit of the cross-functional team that emerges from these studies – beyond the clear advantage of melding skills to achieve a complex goal – is an increase in understanding, and the concomitant reduction in conflict, between functional departments. This was shown by McDonough in 2000 to pay dividends particularly in new product development situations, where these teams achieve greater success than other types of teams. Closer cooperation between specialties internally has obvious additional advantages for the organization, since it will probably have more than enough problems to deal with externally.

Cross-functional teams are no more immune to the existing organizational environment than anyone else, and this can be a make-or-break factor in the team’s success. Management creates the organizational climate, for better or worse, in which employees function. Much of that is done intentionally by means of policies and procedures, but there is another component of unintentional or even unconscious signals from the top. Even a well-constituted team whose members are able to work with the requisite interdependence internally can be undermined by the surrounding atmospherics. The synergies (and conflicts) between individual and organizational factors must therefore always be considered. Strong individuals will exert influence on their teammates, but as Kirkman and Rosen (1999) found, the incentives and rewards, support, and policies management puts in place are major factors. There is also the entire subject of leadership, at both the team and greater organization level that will weigh in the equation.

As for constituting the cross-functional team: Barczak and Wilemon (2003), addressing the individual components of team effectiveness, found that the above-mentioned leadership qualities, plus diversity of skills, tenure status, and demographic characteristics were significant predictors of team success and are criteria that should be used in putting the team together. At the same time, a study of performance in relation to resources came to a counterintuitive conclusion. Other factors aside, resources, and particularly financial resources, are often the deciding factor in the success or failure of an organization’s efforts. Perhaps surprisingly, then, a 1992 study by Ancona and Caldwell found that in the case of cross-functional teams, performance was not affected by the degree of financial resources applied when the team was properly constituted and led -- those last eight words being the operative ones.

**Leadership Impact on Cross-functional Teams**

The success and failure of an organization’s team depends upon to a great extent on the top leadership of an organization. Successful leaders lead followers by helping their subordinates in finding solutions to the problems that they are confronting at the time of functional execution. Teams of an organization are generally involved in bringing together resources, development of strategies, organization and controlling of activities, in order to achieve objectives. At the same time, team members as leaders; have to select the goals and objectives of the firm. As a result, leadership is that function of management, which is largely involved with establishing goals and motivating people to help achieve them. Leaders set goals and help subordinates in finding the right path to achieve these goals.

‘Leadership’ is an art or process of influencing people, so that they can strive willingly and enthusiastically, towards the achievement of group objectives. In other words, Leadership is the ability to persuade others to work in the direction of defined objectives enthusiastically and in regard to human factor; leadership is a bond that binds a group together and motivates them towards the accomplishment of the aims. It also helps a group in attaining objectives with the best use of leader’s capabilities. In the efficient and effective management of a business leadership, is vital, as presently, all the firms are operating in a highly competitive environment (Storey, 2004).

**Character of Leadership**

The character of leadership, in regard to business and operations management can be understood with the help of substantial features of leadership, which are as described in the following paragraphs.

Leadership is the use of non-coercive influence to shape the cross-functional team goals and motivate behavior towards the achievement of those goals and is a process in which one individual exerts influence over others. The learning and development of effective leadership involves others. It involves authority and responsibility, in terms of deciding the way ahead and being held responsible for the success or failure in achieving the agreed objectives. Leadership involves an unequal distribution of power between the leader and team members. The learning and development of leadership incorporates the application of certain values and provides the team a vision for future. It instills dynamism in the team (Harris & Hartman, 2001).

Today, there are many organizations that have failed due to ineffective leadership. In the increasing world competition, every organization needs to develop leadership as its competitive advantage, for winning over its competitors. Strong Leadership can bring great changes in an organization in concern to its industry (Bass, 2009). Leaders also play a significant role in communicating the policy standards and procedures to the cross-functional, so that the competitive campaign works in the right direction.

Leadership is also effective in managing significant changes in the organization and overcoming the resistance to change. This will help in bringing transformation in a smooth manner and will maintain a healthy environment in the organization (Harris & Hartman, 2001). It will also help the various firms in understanding the importance of leadership in motivating the team and operating in a highly systematized and orderly manner..

A leader is very much vital for developing coordination and cooperation among the team members and all the other employees. It will help in cultivating the feeling of loyalty and commitment among the employees. Same is the case with “Competitive Proposal Development Teams”, which work effectively along with an appropriate leadership in aerospace industry.

**Theoretical Basis for Cross-Functional Teams**

According to Trent (1996) managing cross-functional teams is an important skill; eighty percent of the major U.S. firms surveyed in the 1990s planned to use such teams. And while studies disagree on many aspects relating to the operations of these teams, most agree that effective leadership is vital. The examination of leadership is to identify and understand the critical role the cross-functional teams face. The cross-functional team is designed to accomplish something the conventional functional teams never contemplate: assembling in one place multiple skills and domain knowledge to answer complex challenges. As noted above, leadership decisions is the one element that is identified as important across the spectrum of teams that vary widely in composition and procedure, and this study accordingly concentrates on the responsibilities and attributes of effective leadership. Reference 8 Team nomenclature varies: “cross-functional” may be “multidisciplinary” in some studies, or “interdisciplinary” in educational settings.

**MORE TO COME**

**Significance of Cross-Functional Teams**

In today’s fast paced global environment, technical or highly specialized skills are often a prerequisite to employment; and the ability to work effectively in a teaming environment is often valued just as much (Tarricone, 2002). “The speed and efficiency with which effective teams can be assembled together to resolve problems is crucial to success in the modern organization” (Economist 2006, p 15). The Department of Defense decided that teamwork is a more effective way to work and requires that all acquisition programs use Integrated Product Teams (DoD Directive 5000.2). The literature is revealing that teams are an integral part of industrial and government organizations both nationally and internationally and are having a significant impact on the current global economic environment. A team’s success depends on the individual roles played by each team member. Assigning team members to roles that are tailored to use their individual strengths will result in a strong team.

A cross-functional team is only as successful as its leader. After gaining understanding the leader must gauge the project as well as the project completion time frame to insure that goals set are realistic. No matter how many people are on a team, if ample time is not allotted, a project is sure to fail. “The schedule and requirements of factor into the success as well the size of a team” (Cosse, 2001). Independent studies have shown conflicting data, which shows that team size did affect performance and morale. The study also showed that smaller teams had poorer feedback and approval.

**Goals**

Team goals can only be accomplished if everyone understands their roles as individuals, and goals of the entire group. In other words, a team is likely not to succeed if one person attempts to outperform the others, or if a teammate does not meet his or her responsibility. Project completion cannot be carried by one person. As Coach Phil Jackson of the Chicago Bulls says, “The strength of the team is each individual member...the strength of each member is the team.”

**Cross-Functional Team Organization**

**Team Development Background**

Since teams are important to an organization, it should create teams that are effective. An effective team is one which contributes to the achievement of organizational objectives by performing the task assigned to it and providing satisfaction to its members. For an effective team, two things are required from its members: skills, which are complementary to the team requirement and understanding of one’s role as well as roles of other members. The culture of the organization should be supportive to get the output from the team members. If the organizational culture is not in tune with high achievement, team members may not show high degree of enthusiasm and they will use only a part of their skills in performing the jobs (Baker, & Gerlowski, 2007).

The knowledge, skills and experience of various members of a team are the basis of collaboration. These features of a team member help in collaborating to an effective team. The culture of the team helps in improving the effectiveness of a team. Open communication among team members and team leader is one of the main features of collaboration. This helps the team members to understand the policies and strategies to perform a particular task. The collaboration of technology, which is the exchange of information among the members of the team, plays a crucial role in the success of an effective team. This exchange brings the work to an end (Crow, 2002).

The performance and the effectiveness of a team are based on trust. Effectiveness of a team and trust are directly related to each other. If the members of a team trust one another, they can perform a given task easily. A tendency to trust is required for the smooth functioning of a team. The process of a team, whose members have an ability to trust, is effectively enhanced and analyzed. The members of an effective team are able to manage themselves and improve their performance.

The leader of a team is responsible to design goals and objectives of the team. It is one of the essential steps. A point of reference is placed by the goals; this point helps the team to supervise bring the success for the team. The goals of an individual member and the team should be congruent in order to smooth functioning of the team. The success of the team highly depends on these goals. The goals should be clearly defined and communicated to all the members of the team. A clear strategy should be adopted by the team to achieve the goals (Snee, Kelleher, Myers & Reynard, 1998).

**Competitive Proposal Cross-Functional Teams**

Competitive proposal cross-functional teams (CFTs) are the group of peoples that work in the development of competitive proposal that assists organizations in attaining large project opportunities which are often limited and require limited institutional submission process. These teams facilitate in distinguishing and managing significant resources, which are dedicated to reach completion of competitive projects. Competitive proposal CFTs work well in competitive environment. It analyzes multi-disciplinary projects that include participants from finance, engineering, program management, and supplier management to name a few.

Leadership plays a prominent role in competitive proposal CFTs and this could be understood with the help of the dynamics of this team. Competitive proposal CFTs seek out demanding new research chances to improve competitive advantage in the corporations’ core market. In the execution of these teams the leadership plays a prominent role as without this, the team could not become able to develop competitive proposals, which in present competitive environment is essential for maintaining the success of an organization. We all are aware with the fact, that leaders can influence the people in a great way and so they play an imperative role in shaping the future of the organization. Similar is the situation with competitive proposal development teams, where leadership plays an important role. With effective leadership, the members of teams are able to maintain discipline, which in turn assist them in developing competitive proposals.

**Leadership of Competitive Proposal Cross-Functional Teams in the Aerospace Industry**

Subsequent to the discussion of leadership and competitive proposal CFTs, the significance of leadership of these teams in the aerospace industry that in present is confronting significant competition. The present Aerospace industry is anticipating building a business model that can effortlessly scale up and down in reaction to the vibrant and cyclic nature of demand. Competitive and global product development is a key constituent of such an elastic, scalable model that extends gains like augmented speed to market, lower costs and heightened elasticity.

The United States has been the world organizer in aerospace and aviation since the early 20th century as both the major producer and marketplace. The US is the world’s largest aerospace and defense market and it has the world's principal military budget. From top nine global aerospace companies, six companies are based in the US (High-level meeting on international aviation and climate change, 2009).

In addition to the expansion of the industry, expenses in the US aerospace and defense market has elaborated at far superior pace than in any other most important global market in current years. In 2007 only, the market value mounted by an amazing 17.3% increase over the earlier year (U.S. Aerospace Industry, 2006). This dramatic increase is not without high-competition as the industry’s position is getting stronger its level of competition is also increasing for which it is essential to adopt competitive proposal CFTs. By developing this team, the creating and formulating effective proposals industry players can effectively maintain their position in comparison to its competitors (Cleland & Ireland, 2006)..

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