

Cross-functional Support Process Management

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SUMMARY

Most companies and organizations today have some type of process focus in their core business. When looking at support activities as finance, HR, IT/IS, quality, and environment the situation is different. The work is usually organized within functions and very seldom as cross-functional processes based on the need of the core business. This paper demonstrates a new cross-functional way for organizing and managing support activities that also will affect the way in which the entire company is managed.

1. INTRODUCTION

Process orientation is of great importance because most organizations have a relatively limited overall focus. Today's companies are strongly controlled by objectives, budgets and performance indicators that have been broken down by functions and departments. Companies are also mostly organized in functional hierarchies. The work is usually carried out right across this structure. Because of this there are many interfaces, confusion and sub-optimization that complicate the work and reduce the efficiency.

A process is composed of a series of coordinated activities, each that having a specific purpose. It is the way from identifying a customer need to obtaining a satisfied customer. The activities in the process are linked together creating a flow, by means of internal customer and supplier relationships. A process is also repetitive over time.

Today, most companies work systematically with their processes. Important processes have been defined, mapped and are led by a process owners. Key objectives and performance indicators have been established and the work carried out is continuously followed up. Many companies also run ambitious improvement programs directed towards the processes. Such improvement programs are often based on Lean and/or Six Sigma.

Processes can be divided and classified in different ways. The most common way is dividing processes into main processes, support processes and management processes. Main processes exist in order to create value for the external customers and usually include activities that affect development, production and supply of goods and services. Support processes define processes required for other processes to be effective. Examples of activities usually included in support processes are financial accounting, personnel administration, quality control, IT support and environmental work. Management processes are defined as processes required in order to manage and control other processes. Important activities that are part of management processes are strategic planning, performance management, talent planning, product planning and business development.

Many organizations have today put a solid piece of work on the development of its main processes. Main processes are specific to a company and reflect the organization's business concept. However, regarding support processes the situation in most organizations is different. If comparing the work that has been done to identify and develop an average main process, with the work spent on support processes in the same company there is a big difference. In most organizations support processes are relatively poorly defined and developed. Often they have been defined within the framework of existing support functions and have thus very limited cross-functionality. The focus on improvement, innovation and efficiency are also in the majority of the support processes low. Because of this there is often a great potential for improvement in support processes.

2. DIFFERENT PROCESS STRUCTURES

Processes can be identified and defined with different degrees of cross-functionality. The main idea in process orientation is that processes shall represent the workflow from the points where a customer need arises until the customer requirements have been fulfilled. This means that effective processes are often very cross-functional and ranging over a number of functions in the traditional organization. To identify and work with cross-functional processes, however, is not always easy. It can be difficult to find good ways to define these. Process ownership will easily be unclear. Employees can

have difficulty grasping and understanding the cross functional processes of their organizations. Because of this it is common that companies make compromises and define their processes in a simplified manner.

In general terms, one can identify a few different ways to define processes in an organization (see figure 1). One extreme is to stick to basic idea and define cross functional processes that cut through departments, units and functions based on the way the work is carried out from a customer need arises until it is fulfilled. Such an approach can contribute strongly to a holistic approach and efficiency, but is often complicated and requires great insight.

Another extreme on how processes can be defined is that they are defined within existing functions. We can then talk of functional processes. For example there may then be a development, manufacturing and sales process. Such an approach is easy to define and understand, but it limits the benefits of cross-functional process orientation. A third variant of process definitions is that companies, instead of focusing on organizational relationships, choose to define processes based on different important tasks. Examples of such processes are accounting process, recruitment, assembly process and customer complaint process. This is a good and easy way to focus on the effectiveness of these workflows, but again it does not reach all the benefits that a more cross-functional arrangement can create.

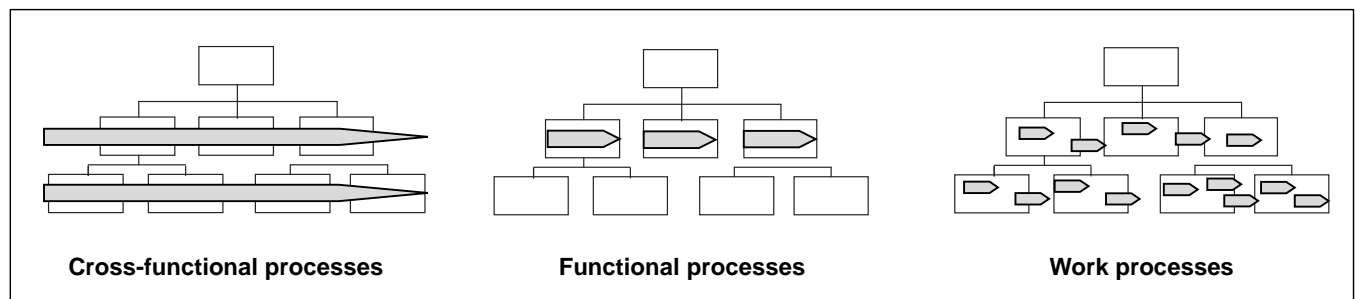


Figure 1. Different ways to identify and define processes.

3. TRADITIONAL SUPPORT PROCESSES

Most companies have today defined their support processes as functional processes, or as work processes. Very rarely do we find support processes that cut across and coordinate the work of several different support functions. This has resulted in support processes of the type financial process, quality assurance process, HR process, IT/IS process, communication process and environmental process (see figure 2). An alternative is that more specific work processes have been defined within these areas. In the past the lack of a cross-functional approach didn't matter, as most tasks were carried out within one specific support function.

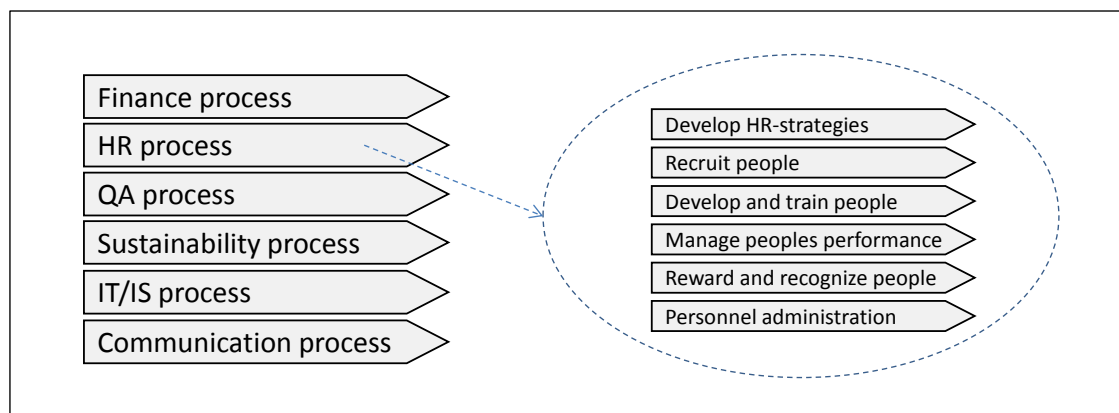


Figure 2. Traditional support processes that are defined within existing support functions as well as examples of typical work processes defined within an HR process.

The effect of this is that focus is on function and internal questions and that the interaction between the units is weak. Historically, support process tasks primarily acted on a function specific competence level. For example, a finance

department has to a large extent been involved with economic issues such as bookkeeping, accounts, financial reporting and budgeting. A quality department was, in the same way, working mainly with inspection, maintenance and auditing of quality management systems as well as monitoring and reporting of different quality parameters. In recent years, however, this situation has changed.

4. FUNCTIONAL CONFLICT OR CO-OPERATION

Today, the tasks and issues to be dealt with within support functions have been changed and extended. The historic issues are retained but many new tasks, often with more strategic importance, have been added. Focus in finance has shifted from traditional economic accounting via financial control to business control. A central controller roll has been established with great importance within the organization. A typical quality function has been developed in the same way, from a focus mainly on inspection into a role of business development and continuous improvement of the entire organization. Most other support functions have been changed in a similar way. An effect is that tasks within support processes more and more have come to overlap with each other (see figure 3).

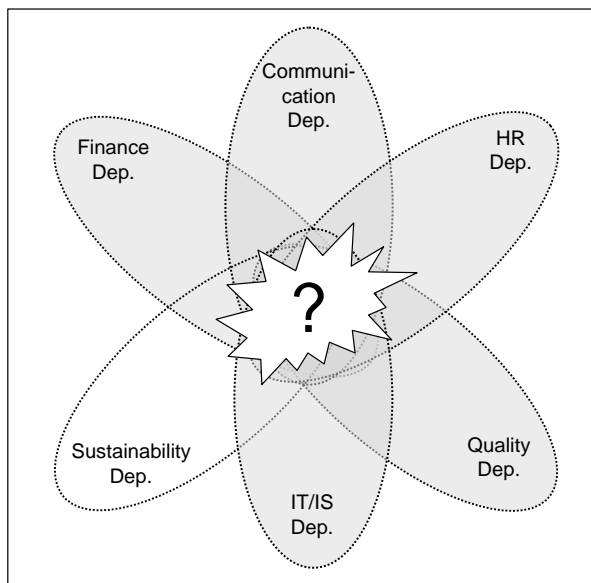


Figure 4. Tasks in traditional support functions have been changed and extended overtime and today to a big extent overlap with each other in many areas.

If this overlap between work activities in the support functions is studied deeper, it will often be found that these complement each other so that interesting synergies would be achievable. An understanding and the use of this is however generally weak in today's organizations. Too often this overlap results in conflicts and contradictions instead.

5. CROSS-FUNCTIONAL SUPPORT PROCESSES

In order to take advantage of these synergies cross-functional processes could be identified. Within the overlapping area several extremely important tasks could be found that are crucial for business success. One such area is business controlling. Most support functions include factors and skills that are very relevant for efficient monitoring and control of an organization. If studying a well-designed Balanced Scorecard (Kaplan & Norton, 1996) we will find key links to dimensions within areas like finances, processes, employees, environment and the improvement/development.

Another common and very important area is business development. Most of the traditional support functions are trying to develop the business in different ways. Often there are separate improvement programs that focus on areas such as quality, environment, IT/IS, health and safety and economy. The quality function is working intensively with continuous improvements and operational development. IT/IS has the goal to develop an effective business situation. An important requirement for a sustainable development and successful environmental performance is that the company continuously improves, becomes more effective and minimizes resource consumption. A successful financial situation is based on an

efficient organization with high cost-effectiveness and loyal customers. The HR function also aims at making a significant contribution to the development of the company and on different ways to develop a good working environment.

A third area where the existing working tasks may overlap with each other and in which important synergies can be achieved is about the employees, their skills and ability and about the corporate culture. The HR function has, of course, a central role in the development of the skills, ability and attitudes. All other support functions are, however, also very dependent on employees systematically improving within their area.

By identifying and defining cross-functional support processes (see figure 5) these synergies could be realized. Based on the above argumentation, a possible approach would be to establish the support processes; Business Controlling, Business Development and Employee Development. Of course, other concepts and variants are possible to find in a similar way, but the author's experience is that the cross-functional support processes presented in this paper are very relevant.

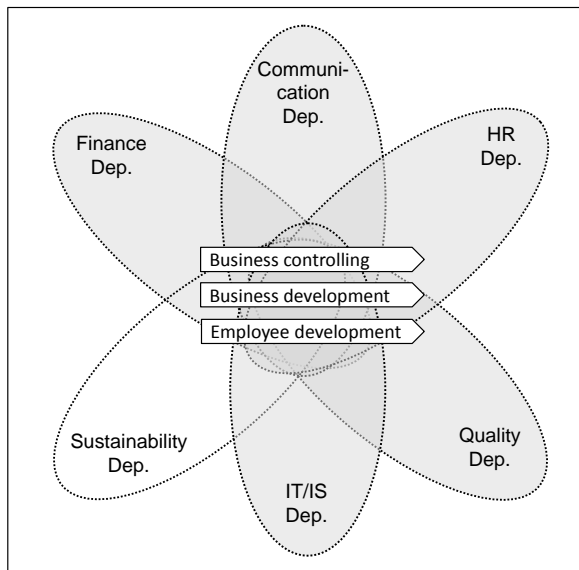


Figure 5. Cross-functional support processes that link the support functions together, enables collaboration and focus on important key skills.

By focusing on cross functional support processes, appointing responsible process owners and working to map, evaluate and continuously improve all processes, a basis for effective and efficient support to the other processes is created. This is also a way to change the view of traditional specialist competence and skills that will help to promote a stronger focus on cross-functional competence, something that is likely to be of great importance in tomorrow's organizations.

5.1 Business Controlling Process

Business Controlling is about setting up a control-system in the organization. Important key performance indicators are measured and fed back continuously with the intention that it should be a basis for correct decision and lead the company towards good results. An effective control system is based on visions and on long-term objectives. Strategies and business plans are developed for how these goals are to be achieved. Performance indicators and targets are identified, and then broken down through the organization. Performance indicators are continuously monitored and relevant improvements and measures are implemented when there is a need to take action in order to reach goals.

The basis for this process is exists in most companies. The traditional financial controller has moved toward a business controller. Concepts as Balanced Scorecards, have contributed greatly to the increasing focus far beyond a purely financial dimension. There is still, however, far to go. In most cases a lot is missing in the total decision-making processes and to increase the management perspective.

For a business controlling process to really contribute to good results and to important improvements, it should be linked to a business development process. The aim is that the improvement projects that are given priority and are initiated shall be just the ones that enable long-term business objectives and visions. (See Figure 6)

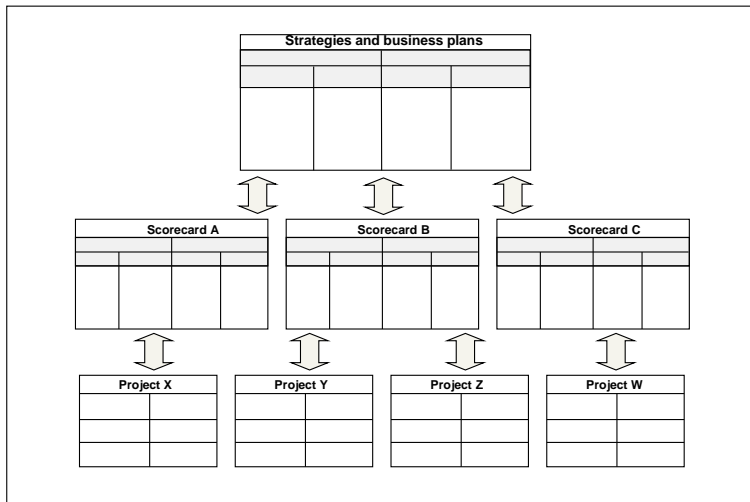


Figure 6. To be able to contribute to success and good results business controlling and business development should be linked together (Sorqvist & Hoglund, 2007).

5.2 Business Development Process

Different existing improvement and development programs can with advantage be coordinated and integrated into a common business development process or business excellence process. Such a process should include all methodology that is required when working in order to continuously develop and improve. Central to this process is leadership for continuous improvements, a well-structured organization for improvements as well as the methods and tools needed for the improvements and problem-solving.

An organization for continuous improvements can be designed in a different way. Improvements are run in projects, large and small. Some are run in specific project teams and others directly in permanent improvement teams. A successful improvement organization is flexible and adaptable to the current task in focus to be dealt with. The basis for an effective improvement organization is made up of three roles, a steering role, an executing role and a supporting role. In different improvement concepts those roles are called different names, for example Sponsors, Black Belt, Green Belt and Yellow Belt in Six Sigma.

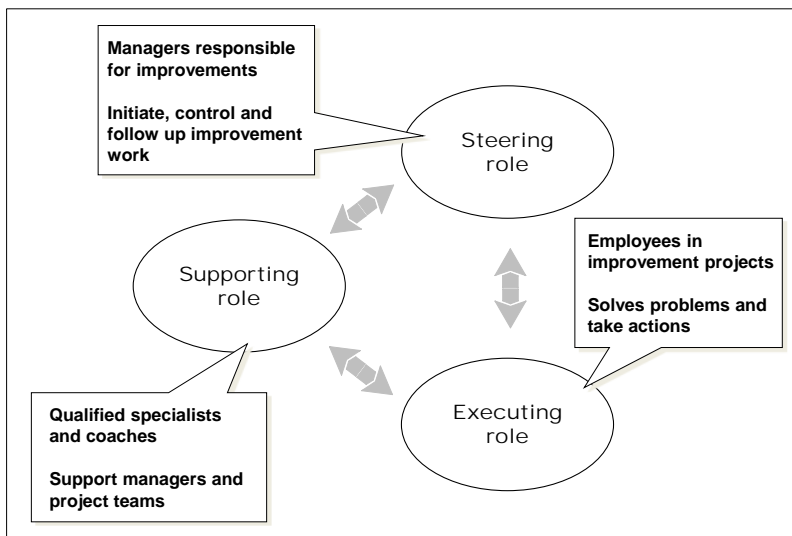


Figure 7. Roles of an organization for continuous improvement (Sorqvist, 2004).

For a systematic improvement program to be successful, a structured and well thought-out approach, in order to identify and solve problems, as well as in order to implement measures, is needed (see Figure 8). Two frequently used models are PDCA and DMAIC. In addition to this an organization also needs solid skills in various problem-solving and improvement tools that can be used in the improvement initiatives.

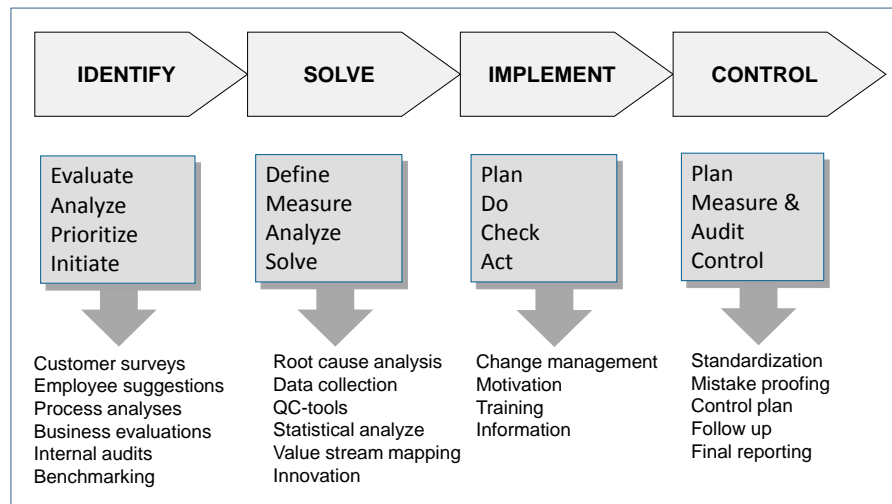


Figure 8. Methodology is required to identify and solve problems, as well as in order to implement measures and to ensure that the achievement of results is maintained (Sorqvist, 2004).

An important part in improvement programs is to develop the employees. Both skills and attitudes often need to change. Change management and to lead change is in many cases critical for success. The process of continuous improvement should therefore be linked to development of employees.

5.3 Employee Development Process

Employee skills, commitment, and motivation are totally essential for success and results. Most initiatives and improvements, which are carried out, have components of attitude change and/or knowledge building. An employee development process includes recruitment of the right staff, development and training of these and the ability to make them involved, committed and motivated.

A process for employee development has its natural emphasis within HR, but should also have clear links to the respective skills within the support functions, such as quality, economy, IT/IS and environment. In this way a more concrete and knowledge based development of the personnel can be carried out. This also creates new opportunities to aim for a cross-functional competence where new knowledge and skills are in focus.

6. NEW MANAGEMENT OF SUPPORT PROCESSES

If you compare traditional support functions with the cross-functional support processes proposed in this paper, it is clear that the tasks and skills related to the cross-functional support processes is of higher strategic importance compared to the skills primarily carried out in the support functions. Tasks as business controlling, business development and development of employees is likely to be some of the most important tasks in a business.

At present, there are usually representatives of the majority support functions in the management team. Most companies have therefore a financial manager, IT/IS manager, HR manager, Quality manager, Environmental manager and a head of Communications/Information. Based on the development of support functions discussed above, one may question whether this are the right roles in future management groups. These managers represent more traditional expertise than strategically important areas. An alternative would be to instead manage through support processes of the kind that have been presented here. This would mean that the strategically important managers in a future management team would be a Business Controller, a Business Development Manager and an Employee Development Manager. In such a management structure, traditional support functions, such as the finance and IT/IS, HR, quality, environment and communications, would instead be

important competence in the central staff. Such an approach would be able to make management more focused on improving and developing the business and its processes as well as people employed in the organization.

CONCLUSION

Most companies today have not spent a lot of time and effort on developing their support processes. Normally support processes are limited to traditional support functions. A common effect of this is that skills and tasks in the current support activities often overlap with each other. The possible synergies in this are today rarely used. By identifying cross-functional support processes significant benefits can be achieved. Examples of such processes are; a Business Controlling process, a Business Development process and an Employee Development process. An interesting possibility is to also manage support activities through a new management dimension identified based on cross-functional support processes.

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