



Resolving Cross-Functional Collaboration Challenges:

*Explore & Integrate Differing
Relationship Beliefs & Expectations*



Contents

Executive Summary	2	Relationships for Personal versus Company Success	4
The Importance of Relationships in Cross-Functional Collaboration	3	Implications for Actions and Results	6
Surprising Executive Views on Relationship Impact.....	3	About the Authors.....	7
Critical Differences in Relationship Expectations	4	References.....	7
		About The Relational Capital Group	7

Executive Summary

The Importance of Relationships in Cross-Functional Collaboration

Differing functional leaders, priorities and accountabilities can surely make cross-functional collaboration challenging and complex, not to mention the role that generational, personality and character differences can play. However, strong and trusting business relationships across functional areas can usually mitigate and overcome these complexities. Conversely, the lack of strong and trusting cross-functional relationships generally amplifies friction and hinders effective collaboration. As a result, **healthy cross-functional relationships are a critical ingredient to effective collaboration.**

Surprising Executive Views on Relationship Impact

Perhaps it's no great surprise that personal and professional relationships have a significant impact on business results. Research with VP level and above executives in the same functional specialty found very similar beliefs on this subject, however beliefs across functions vary greatly. **Do birds of a feather flock together? Or do the priorities and accountabilities of certain functions drive them to differing beliefs about relationships?** These divergent views about the impact and importance of relationships on business results certainly must affect the effort and priority they are given across functions.

Critical Differences in Relationship Expectations

Do senior executives in different functions value and expect different things from their relationships with peers? Recent research shows significant differences in relationship expectations, particularly between the CEO, HR, Finance and IT functions. **These differences were most pronounced on expectations around "worth your time", "trustworthy", "fair and respectful", "high quality advice" and "common interests".** Given how differently these relationship dimensions are valued across functions, it's no wonder that disappointments and misunderstandings sometimes occur.

Relationships for Personal vs Company Success

It turns out that executives in different functions also have very different views about which relationship types impact personal versus company success. For instance, Finance executives indicated a greater belief that supplier and peer relationships significantly impact their personal success, but a lesser belief that these same relationships have as much impact on company success. Conversely, HR executives indicated a greater belief that customer and supplier relationships significantly impact company success, but a lesser belief that these same relationships have as much impact on their personal success. **Clearly, executives in distinct functional areas see the world very differently when it comes to relationships, particularly as relates to colleague relationships.**

Implications for Action & Results

Differing beliefs and expectations certainly impact the effectiveness of any relationship. Gaps in executive beliefs on peer relationships surely lead to misunderstandings, unintended perceptions and breakdowns in collaboration effectiveness across functions. **However, by more clearly assessing, sharing and discussing the differences that exist in relationship beliefs and expectations, these gaps in understanding and breakdowns in collaboration can be reduced significantly.** The EnterpriseTalent RQ™ Assessment developed by The Relational Capital Group directly addresses these gaps and helps organizations resolve collaboration challenges. It enables them to measure, manage and strengthen the cross-functional relationships that drive their performance, acting as a high value complement to existing employee engagement, 360° feedback and other organization effectiveness systems.

The Importance of Relationships in Cross-Functional Collaboration

During the industrial revolution, the organizational innovation of functional specialization allowed companies to maintain high productivity and efficiency levels as they grew in size and scale. In the process, the matrix organization structure was born, bringing with it the promise of deep expertise in areas that could not be mastered through a generalist organization strategy. However, the advantages and ultimate success of the matrix organization structure would rely heavily on effective communication and collaboration across functional areas to ensure consistent alignment and financial efficiency.

Now many decades later, we all know that large, matrix organizations often don't function very well. It turns out that effective communication and collaboration across functions is often difficult and complex to achieve, for a variety of reasons. Certainly having different functional leaders, priorities and accountabilities can make cross-functional collaboration challenging and complex. In addition, differences in generation, personality and character among employees can also compound matters. However, the equalizing factor across all these complexity variables can be productive relationships. Strong and trusting business relationships across functional leaders and teams can usually mitigate and overcome these complexities. Conversely, the lack of strong and trusting cross-functional relationships generally amplifies friction and hinders effective collaboration.

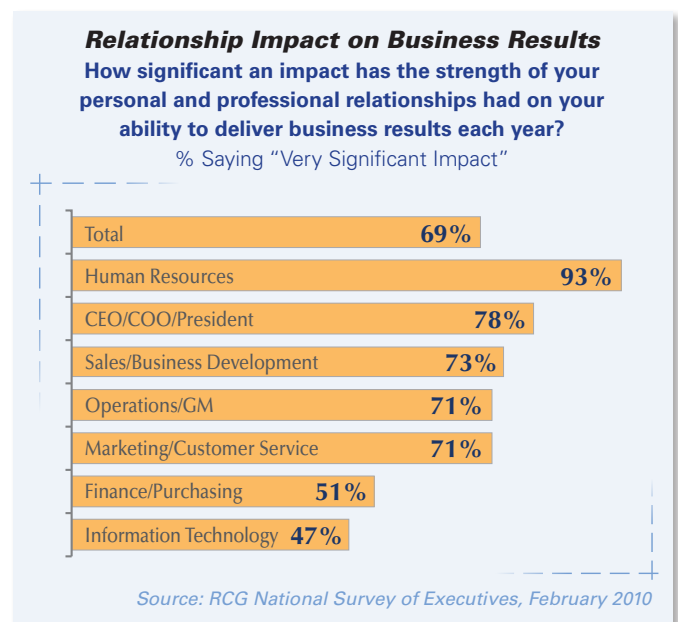
What accounts for this striking pattern of beliefs – Do birds of a feather flock together?

However, the prerequisite need for functional professionals to proactively seek, establish and maintain strong, productive relationships with their cross-functional peers often seems forgotten. Instead, functional productivity, cost efficiencies or other function-specific priorities carry the day. As a result, the trusting business relationships needed for effective cross-functional communication and collaboration fail to develop. Moreover, if functional leaders are unaware of how different their peers' relationship beliefs and expectations are from their own, opportunities for issues and problems escalate. Therefore, healthy cross-functional relationships are a critical ingredient to effective collaboration.

Surprising Executive Views on Relationship Impact

Recently a national survey of Vice President level and above executives at companies with over \$100 million in revenue annually was conducted to better understand their attitudes, behaviors and beliefs regarding the impact of business relationships on their success.¹

Perhaps it's no surprise that personal and professional relationships have a significant impact on business results each year. In fact, an overwhelming majority of nearly 70% of senior executives reported that they do have a very significant impact. However, some surprising differences in beliefs about relationship impact emerged across functional areas. On the one hand, Human Resource executives and CEO/COO/Presidents indicated a substantially stronger belief in the impact of relationships on results, while Finance and IT executives indicated far lower belief in their impact.



What accounts for this striking pattern of differing beliefs? Do birds of a feather flock together? Or do the priorities and accountabilities of certain functions drive executives to differing beliefs about relationships? These divergent views regarding the impact of relationships on business results certainly must affect the effort and priority they are given across functions.

There are a number of reasons why senior HR executives and CEO/COO/Presidents may be more aware of the influence that relationships have on business results than their peers. Among these is the possibility that they have

more exposure to the personnel and productivity problems that emerge when cross-functional relationships are poor. On the other hand, technical expertise may be more highly valued and appreciated in the eyes of Finance and IT professionals, given the nature of their responsibilities.

Since effective cross-functional collaboration depends on a mutual understanding of others needs and expectations, functional executives and their teams can improve their collaboration effectiveness and performance by first recognizing that their counterparts may have very different beliefs regarding the impact and importance of relationships.

Critical Differences in Relationship Expectations

Given differing views about the impact of relationships across functions, perhaps differences in what executives value in a business relationship exist as well. In the same study of VP level and above executives, significant differences in relationship expectations were found, again particularly between CEO/COO/Presidents and senior Human Resources, Finance and IT executives.

While CEO/COO/Presidents and HR executives rated “worth your time”, “trustworthy”, “fair and respectful”, “high quality advice” and “common interests” to be highly important qualities for a lasting business relationship, their Finance and IT counterparts rated these much lower. Conversely, IT executives rated “listens well” and Finance executives rated “best in their field” to be much more important qualities than any of their functional counterparts.

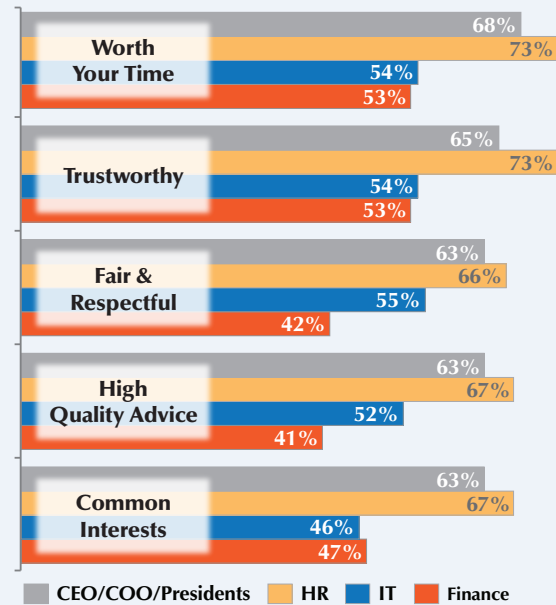
*Entire functions seem to have
widely differing relationship
values and expectations*



Important Relationship Expectations

Please rate on a scale from 1 to 10 how important each of the following personal qualities is to you as the basis for a lasting business relationship?

% Rating 9 or 10



Source: RCG National Survey of Executives, February 2010

These findings are especially notable because they highlight the fact that entire functional departments seem to carry with them widely differing values and expectations about their relationships with cross-functional counterparts. Given how differently certain relationship dimensions are valued across functions, it's no wonder that disappointments and misunderstandings sometimes occur.

Relationships for Personal versus Company Success

As we consider the dynamics of cross-functional relationships in business, their impact on both personal and company success must be considered. After all, relationships may be having as much impact on personal success and career advancement as they are on annual business results. In addition, there are external business relationship types that impact success that should be considered as well.

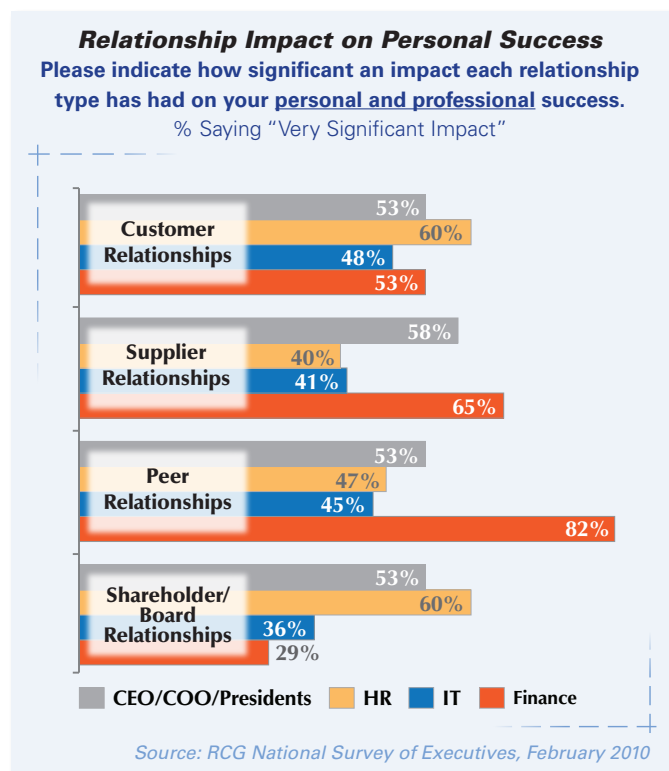
As might now be expected, we find that executives in different functions have very different views about which relationship types impact their personal versus company success. For instance, while most executives shared

similar views on the impact of Customer relationships on their personal success, there was substantial divergence on other relationship types. Both CEO/COO/Presidents and Finance Executives indicated that Supplier relationships had much more significant impact on their personal success than other executives, perhaps reflecting their focus on financial results.

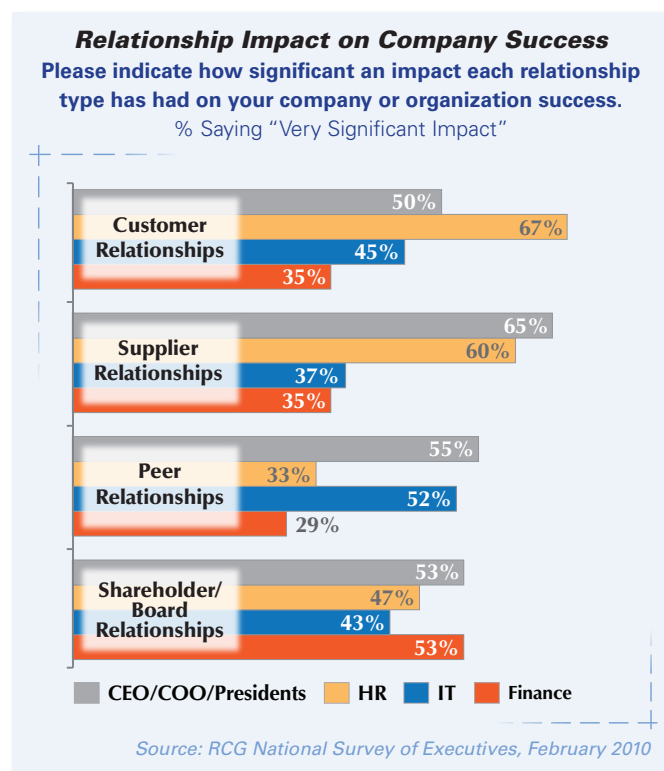
Perhaps surprisingly, Finance executives also indicated that their cross-functional relationships with Colleagues play a more significant roles in the personal success than any other function. By the same token, Human Resource executives reported that Other Stakeholder relationships, such as board members and shareholders, impact their success to a greater degree than others. So even when executives agree that relationships impact their professional success, they may each be thinking of different ones.

*We're likely to find that
"What's in it for me" still beats
"What's in it for the team"*

Conversely, Human Resources executives indicate a greater belief that Customer and Supplier relationships significantly impact company success, but a lesser belief that these same relationships have as much impact on their personal success. Perhaps most interesting or all, it was CEO/COO/Presidents and IT executives that most broadly recognized the significant impact that Colleague relationships have on company success.



When we consider the impact of relationships on company success, a contrasting pattern of beliefs emerges. For instance, Finance executives indicate a greater belief that Supplier and Colleague relationships significantly impact their personal success, but a lesser belief that these same relationships have as much impact on company success.



These contrasting beliefs about which relationships impact personal versus company success may hold the key to getting executives to invest more time in building stronger cross-functional ones. Unless they believe it impacts their personal success, executives are less likely to invest their time and effort in cross-functional relationships. Otherwise we're likely to find that "what's in it for me" still beats "what's in it for the team".

Implications for Actions and Results

These findings illustrate how differing executive beliefs and expectations about business relationships are likely to hinder cross-functional collaboration and lead to misunderstandings, unintended perceptions and breakdowns in effectiveness across functions. However, by more clearly measuring, sharing and discussing the differences that exist in relationship beliefs and expectations, gaps in understanding and breakdowns in collaboration can be reduced.

The Enterprise RQ™ Assessment² developed by The Relational Capital Group directly addresses these gaps and helps organizations achieve sustained resolution of collaboration challenges. This innovative assessment provides remarkable visibility on the dynamics of internal relationships that lead to increased cross-functional collaboration, productivity and leadership development. The Enterprise RQ™ Assessment can be deployed on a stand alone basis, or as an additional module within existing employee engagement, 360° feedback and other organization effectiveness systems.

Individual Talent RQ™

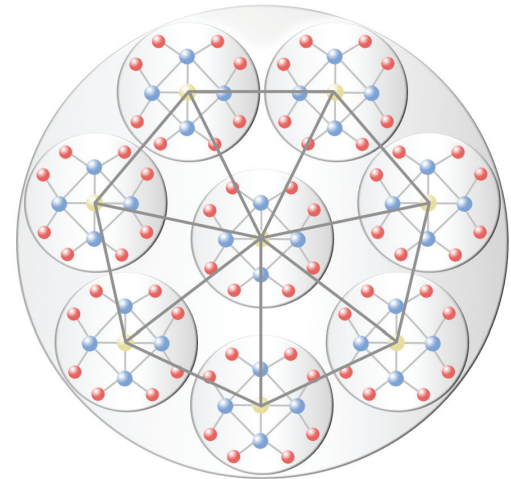
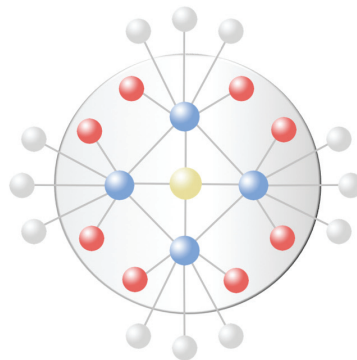
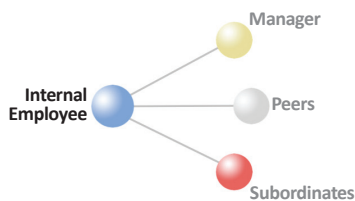
Assesses Manager, Peer and Subordinate Relationships

Functional Talent RQ™

Assesses Manager, Peer and Subordinate Relationships Across an Entire Function or Department

Enterprise Talent RQ™

Assesses Employee Relationships Across All Functions of the Enterprise



In particular, Enterprise Talent RQ™ Assessment metrics and insights can be applied to enhance organization performance in the following areas:

Human Resources

- Cross-functional Collaboration
- Leadership Development
- Performance Assessment
- Employee Engagement
- Succession Planning
- Acquisition Culture Integration
- Candidate Evaluations

Finance/IT/Operations

- Productivity Improvement
- Efficiency Cost Reductions
- Organization Effectiveness
- Change Management
- Major Initiative Implementation
- New Leader Onboarding
- Acquisition Due Diligence

For more information about this research or other Advisory Services of The Relational Capital Group, please contact, Chris Malone, Chief Advisory Officer at chris@relcapgroup.com or visit our website at <http://www.relationalcapitalgroup.com>

About the Authors

Dr. David Bush, PhD

Dr. David Bush is the founding Director of Villanova University's Master of Science in Human Resource Development program. He also serves as a Professor of Industrial/Organizational Psychology and Human Resource Development at Villanova, and his professional and academic specialization involves developing HR metrics for evaluating talent and performance.

A respected teacher, researcher, consultant and speaker, Dr. Bush has written approximately 100 articles for various research and professional publications, and previously served as Associate Editor for the Journal of Systems Improvement. He holds a PhD in Psychology from Purdue University, an MA in Psychology from the University of Wyoming, and a BA in Math and Psychology from the University of South Florida.

Chris Malone

Chris Malone is Chief Advisory Officer of The Relational Capital Group. He leads the Advisory Services practice that helps clients measure, manage and strengthen the relationships that drive their business performance.

Chris previously served as Chief Marketing Officer for Choice Hotels International and Senior Vice President, Marketing for ARAMARK Corporation. Earlier in his career, he was also co-founder and principal consultant at Zyman Marketing Group, a marketing strategy consultancy offering brand building, business strategy and growth acceleration services to companies across a number of industries. Chris holds a BS from the University of Maryland at College Park and an MBA from the The Wharton School of the University of Pennsylvania.

References

1. RCG National Survey of 275 VP Level and Above Executives, conducted by Candice Bennett & Associates, Inc., February 2010
2. RCG White Paper: [A Better Way to Measure & Value Relationships; The Enterprise Relational Quotient™ Assessment](#)

About The Relational Capital Group

The Relational Capital Group is a research-based, professional development and advisory services firm that helps organizations measure, manage and strengthen the business relationships that drive their performance. Unlike traditional consulting firms, our firm is led by seasoned business executives with long tenured track records of success in delivering outstanding performance through strong business relationships.

Our breakthrough business relationship principles and processes are delivered in a variety of forms that lead to sustained performance improvement. These include performance enhancement engagements, Enterprise RQ™ Assessments, talent development workshops, keynote speeches, executive coaching and critically acclaimed books.



The Relational Capital Group
RELATIONSHIPS POWER RESULTS