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A Multifunctional Business Team Meeting

Every month we get questions and interest in multifunctional business teams, how they operate and how they compare to more traditional organization structures. I thought it might be interesting to sit in on one of their weekly team meetings and hear from a team member who helped design the team.

Team Meeting -- *"OK everyone, settle down," said the Team Leader. "Let's start with the numbers. It looks like we continue to do a good job controlling our expenses. We're under budget for the quarter and year. We're continuing to meet our service standards even though we're down one position from the level our staffing model says we need. Marge says this is because of her work with systems to streamline more of our new business process. Congratulations to everyone who worked with Marge on these efforts. We seem to be getting the results we expected."*

"Revenue is also slightly above plan for the year. Retention is good and sales are holding to plan. At the beginning of the year, we had two agencies that needed help. They seem to be getting better. Let's talk about what we did. Building a partnership with our agents is one of our main goals and there may be some ideas that could help other sales people. We also need to talk about our team's loss ratio. It seems to be slipping . . ."

Team Member Comments -- As our meeting continued, my mind drifted to a year ago when senior management selected me to be part of the fundamental change project that created our business team. Everyone thought the project was going to be another "project de jour," in other words, a complete waste of time. We were wrong. It turned out to be one of the most important things we've ever done. We changed the way we do business and reconnected to our agents and customers in a remarkable way. I am a senior underwriter and one of eleven project team members that worked with the consultant.

So what did we do? Well, we started by mostly asking questions. We talked to customers, agents, management, and employees -- all of the people who cared about or had a stake in the company being successful. We studied the way we did work and gathered data on service and other results. Each group of people gave us a different picture of the company, especially its strengths and weaknesses. Most importantly, we began to understand what would meet their needs and make each of these stakeholders happy. Accomplishing some of these goals was not easy because there were inherent conflicts that had to be resolved. For example, customers wanted lower premiums, employees wanted higher compensation and everyone wanted a financially sound company. Finding ways to accomplish all of these at the same time was not easy, but we did it.

We talked a lot about what we called "the ideal." This is what the company could and should accomplish under ideal circumstances. We created a complete set of goals (core success measures) that defined this ideal situation. Attaining these goals would ensure the survival and success of the company, guarantee our continued growth and make it a great place to work. We didn't ignore any of the company's stakeholders. This became our starting point. We called it "identifying the ideal."

Now that we knew what the company needed to accomplish, the next step was to build the company that could do it. Several of us had lists of things we wanted to change. We talked about these and other things that came out of our interviews but it soon became clear these ideas weren't enough. We couldn't just tweak things to get to where we needed to be. We needed big changes and this realization was a major turning point in how we looked at what we were doing. We felt like the puppy that chased after the car . . . and caught it. What do we do now?

We needed to reduce expenses, move decision-makers to the front line, speed everything up and get rid of the bureaucracy. The best way to do this in our core business areas was to get rid of the

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traditional functional organization structure we had since the company began and replace it with multifunctional business teams. Looking back, this scared everyone, especially management. We didn't know if we would have a job under this new structure or, if we did, we didn't know if we would like it. But the advantages were clearly so great we had to proceed.

We then set about deciding what functions would be in the teams, what they would do and be responsible for, how we would operate, how we would make decisions and, most importantly, what a team would be accountable for. As it turned out, not every team was the same. Each team was customized to fit its customers and the agents they served. We also had to make sure we kept and increased our technical expertise in this new structure. Once we had the basic design, we moved to the next phase.

We needed an implementation plan. We knew where we currently were and what we needed to build. The implementation plan would get us from here to there. Because of the scope and importance of the changes, we needed to move as quickly as possible. As soon as the new organization was announced, everyone would want to know how it affected them and when it would be done. Our plan needed to be more than efficient. We needed to do as much as we could simultaneously. We needed to ensure that each step was done in the proper sequence.

Some of the design work was still theoretical and needed to be more practical. This was especially true in the specifics of which customers and agents went to which teams and how current work would be transferred to the new teams. Staffing was also critical. We needed to make sure the best people were placed in the most important jobs. In some cases, we needed to modify our design to take advantage of specific skills and talents of people selected for key jobs. Training needed to be started early, even before the new structure was put in place. In the end, we created specific project plans for each step and identified a project leader to ensure it would go well and smoothly. In addition, we needed to get all of this done while still doing our regular work. It was a lot of hard work, but it worked and it was worth it.

Back to the Team Meeting -- *The team meeting was in its last phase and wrapping up. "We have a lot of customer and agent activity coming up", said the team leader. "We have two new agencies coming to meet their team members. Let's start with a general meeting where they can see the whole team. That's always impressive to see all of our functions together – underwriting, claims, service and loss control – and then we can split into individual meetings. Focus on where we're most competitive. We want them to get off to a fast start."*

"We're also meeting with two of our customers next week. We're having a pre-renewal meeting with Acme Fabricators. They're coming in and will meet with their team members in our main conference room. Then we have a team of underwriting, loss control and claims going out to meet with Jones Industries on Wednesday. Their losses are above expected and we need to work with them to avoid a rate increase. Any questions? Have a good week!"

My Comments -- Multifunctional teams are not for every product line or every situation, but where they fit, they are the most powerful and effective way to operate. Even where they do not fit, there are ways to modify what you are currently doing to take advantage of some of the strengths and concepts that work so well in these teams . . . things like focusing on results not activities, moving accountability and decision-making down to the employees who talk to your customers, empowering people and managing units as businesses.

If you would like to know more about business teams, fundamental change or any of the other ideas in this letter, please call me. Also, visit our website at McDonaldConsultingGroup.com, where you will find further explanations of these ideas (and other exciting ideas) in our Concepts and Ideas section.