

Go Horizontal

See dramatic results.



by Howard M. Guttman

THREE YEARS AGO, Liz Claiborne's Special Markets Business was in trouble. According to Lisa Piovano Machacek, director of HR for Liz Claiborne, it was disconnected from its customers, suffered from conflicting priorities, and had no clear goals. Turnover was high, morale low—and it wasn't making the numbers.

A year and a half later, recounts Machacek, sales volume, revenue, and operating profits were all up, while turnover had dropped. Product development time had been slashed, and partnerships with retailers improved. The results were so dramatic that the division became a model for Claiborne. How did the Special Markets Business come so far in so short a time? By "going horizontal."

During its troubled times, a new group president came into the Special Markets Business. She assessed the situation and developed a plan of attack: The division needed to tear down silos, speed up decision making, and shift accountability and authority from senior management and functional heads to those closest to the customer: cross-functional teams.

Straight Talk

Typically, senior executives are not seized by an urge to "go horizontal." Instead, a company contemplates a major strategic shift or is confronted by a major issue. Top-team members begin to sense that the old way of doing business is too slow, that it doesn't harness the energy and brainpower, that it is inner-directed rather than customer-oriented. Gradually, a vision emerges of what the business could be but is not, and this propels the top team to turn vision into reality.

Once the decision has been made to go horizontal, the rationale for doing so must be communicated to those who will serve on teams and to other key functional representatives. For example, "To meet our strategic goals, we need to innovate on products at a much faster pace." Or "We have been

losing market share for the past year, and we need to reverse the trend."

After the "why" has been communicated, it's time to paint a picture of what life will be like in the new horizontal organization: Teams will move fast; they will get consumer insights and translate them to new products and improved sales and account delivery. They will have resources and be authorized to make decisions. They will contribute new ideas.

This full-group session is also the place to talk about the steps in the transition, the time frames, the systems and processes that need to be adjusted to ensure the success of the new model, and the new capabilities team members need to acquire.

By the time this session takes place,



the senior management team has usually gone through the alignment process required to become a high-performance, horizontal team where all members make decisions and assume responsibility for business results.

Stakeholders are now divided into cross-functional focus groups of 5 to 10 individuals to construct a detailed plan for moving to the new team structure. It's helpful to provide the groups with a frame of reference for identifying and evaluating alternatives, such as best practices that have worked elsewhere. These might include: the average number of people on a teams; which titles, from which functions, typically make up the core team membership; which titles and functions are extended members; the characteristics of effective team leaders; and recommendations for tying individual and team performance to compensation systems. Each team's work is shared with subsequent groups to stimulate idea exchange.

Training Team Leaders

Leading a team of people who have never worked together before, have different content knowledge and experience, and owe allegiance to senior managers who are often rivals for resources and power, is a new experience for many. What should they do when conflicts arise between team members? How do they make protocols work? And, how do they hold team members accountable for results?

We begin by assessing the leaders' current capacity to lead and preferred style of leadership, using an array of diagnostic instruments. We help them to understand the liabilities and pay-offs of each leadership style—prescribing, coaching, collaborating, and empowering. We then provide them with the skills to optimize their style and put them through a series of exercises to practice the new learning.

Typically, organizations move directly from aligning the senior team to aligning the cross-functional business teams. The focus is on the same five elements: strategy, goals, roles, protocols, and relationships. At this point, problems often arise. Team members may feel discouraged in the face of real-world constraints and the need to play in a rigorously results-focused, transparent environment where peers hold peers accountable.

It takes practice and good coaching to reach proficiency. Newly formed teams must receive feedback on their performance to avoid retreating to old ways of doing things. We suggest that an experienced observer—one who has "been there and done that"—sit in on the first few team meetings, sharing observations. When inappropriate behaviors occur, the observer must give effective feedback—clear, behavior-specific, and depersonalized.

We learn best from our own experience—provided we monitor it. We recommend that each team continue to self-assess periodically.

At each team assessment, ask: Which skills need to be refreshed? What additional skills does the team need to acquire to be more effective?

Teams possess new authority and accountability in horizontal organizations. High-performance, horizontal teams are the best way to get results.**LE**

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