

CROSS FUNCTIONAL MANAGEMENT IN NETWORK ENTERPRISES

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Abstract: Nowadays during market globalization, the enterprises are more and more working on specific projects. To work effectively in a project based environment, enterprises need to have new forms of organization. One of these is the network organization. Cross-functional management became essential for the profitability of the network enterprises, makes an organization be more flexible, and confers rapidity in understanding the complexity of the internal and external environment to it. Since the economic practice proved that the network enterprises are more effective than the classical ones, the present study emphasizes the importance of considering cross-functional management as a key factor for the network enterprises success.

Key words: cross-functional management; network; enterprise; efficiency; organization

1. INTRODUCTION

Standard companies of the 20th century haven't recorded the best results in a constantly changing environment. Traditional structure, systems, practices, and culture have been rather breaks than tools to facilitate their activities. "If environment volatility continues to grow, the standard companies of the 20th century will probably become a dinosaur", says John P. Kotter (Kotter, J.P., 1996).

Organizational structures are changing along with changing social and business environment (Parrish, D., 1996). More and more enterprises are based on specific projects expanding and contracting as projects with different sizes are finalized and replaced by others. In some cases, the enterprises live only for one major project (i.e. a film production). However, in most cases, there is a basic core that continues to operate between projects and ensures the transition from one project to another (Kotter, J.P., 1996). Individual projects are not correlated only administratively, but more than that, are united in a common business strategy. The basic core of the company selects projects in a strategic manner, to comply with its mission and competencies.

To effectively work in a project based environment, enterprises need to take new manners of organization. The standard enterprise with a fixed number of employees and a traditional hierarchical structure is not adapted to this new environment. Thus, in a large meaning, we call these new forms of organization as "network enterprises" or simply "networks".

Networks features are: independent teams, departments that shares common values, projects that mutually supports each other, multiple links between projects, using information and communication technologies to connect the projects, existence of

a project leader with the key role of coordinator to build project teams and manage the inter-relationship between projects.

Networks put together various entities connected by contracts, in the context of a dynamic integration beyond the contracts' limits. Networks are by definition unstable organizations, and links between them can be enhanced or diminished, without encountering obstacles difficult to overcome. Networks also are organizations with instable borders, never being entirely inside or outside the network. They respect contractual stipulations that define their adhesion to the network and the intensity of their integration relationships.

2. OBJECTIVES

Since the CFM became one of the key factors for the success of the present networks, the main objective of this study is to present its main features. More and more it is indispensable for the efficacy of the new manner of enterprise organization: project based work, process approach, or matrix organization.

CFM is one that determines an organization to be more flexible, brings more intelligence to it by the integration of multiple data, and confers rapidity in understanding the complexity of the internal and external environment evolution (Pham, F., 2009).

3. METHODOLOGY

The notion of CFM is becoming more and more widespread, but it is also clear that this form of management is often still referred to as project management, or a hierarchical management with some particular features (Testa, J.P., 2010). But the logical question arises: why do we mention more and more about CFM nowadays?

Companies are increasingly using the functional departments to ensure the continuous coordination for the proper functioning and overall coherence. The need to deploy consistent policies or to harmonize practices in various entities increases with the development of internationalization, outsourcing of certain functions or policies of decentralization.

What brings the cross manager close to the role of a project manager is that there are forms of management outside hierarchy characterized by a tripartite relationship between the cross manager, involved players or actors and their hierarchical line. But there are also differences. Unlike a project manager whose mission is limited in time, the cross manager is responsible for permanent operational or functional process: implement policies, harmonize and bring to life homogenous practices starting from various local practices.

The concept of CFM has been approached by many specialists from the theoretical point of view, and more than that, some of them even studied this CFM applied to some large, well known enterprises.

Thus, the French author Laurent Menegoz states that: „Taylor knew very well how to divide work, different from the CFM that poses the question in an inverted way: how could we better coordinate work?” (Menegoz, L., 2010). The point is to find an alternative to the traditional bureaucratic organization.

Another author, Philip Mondolfo, in his book „Travail social et developement” considers cross functional management as a minority practice, a transformation inside the work situations, another way to define the authority relationships (Mondolfo, P., 2001).

The CFM may be defined as an activity management with no hierarchical links, unlike conventional management. Its role consists in determine to work one team on which the manager has no line authority, to meet the needs of the network enterprise (Le Dantec, T., 2007).

CFM is the horizontal (between teams or departments) integration of total quality management activity within an organization (Wheller, D., 2000). Some problems extend beyond the boundaries of a single work unit, while others span across an entire organization. In either case, a team that represents all points of view pertinent to a good solution, is generally the best approach to solving the problem and preventing new ones from being created.

CFM is often an attitude, one that involves a willingness to communicate and cooperate, rather than a structure or a form (Wheller, D., 2000). Customer-supplier maps can often be used as an effective means of fostering cross-functional thinking, and "Quality Function Deployment" can be a good tool to get everyone centered around knowing the customer.

CFM emerged from the following two needs (Imai, M., 1986):

1. a need for top management to clarify its quality, cost, and delivery goals and deploy them to all employees at every level;
2. a need to establish a system of close coordination among different departments.

"CFM manages business processes across the traditional boundaries of the functional areas CFM relates to coordinating and synergizing the activities of different units for realizing the superordinate cross-functional goals and policy deployment. It is concerned with building a better system for achieving such cross-functional goals as innovation, quality, cost, and delivery" (Imai, M., 1986).

Peter Drucker considers that: „Strategic cross-functional management is central to capitalizing on functional excellence, and in order for functional specialists to make the greatest possible contribution, they must take a broader view of their functions and understand how they fit into the web of the organizational processes and, ultimately, into the overall strategy" (Drucker, P., 1998).

The novelty brought by the CFM is an "inversion of priorities", (Menegoz, L., 2003). After analyzing several definitions of the concept, one thing is for sure: CFM means the profitable coexistence of certain activities, usually separated.

If the CFM is required for the success of the networks, it's also it the one that allow the project management beyond the traditional limits, like the competence of each function or department, focusing on their individual objective. The priority given to the maximization of the individual objective deviates attention to the overall objective of the network. To ensure compliance with the requirements of traditional production can „kill" a new product or service. Conversely, to propose a new product or service without ensuring that it is feasible, it respects the available budget and is of an appropriate quality, can be dangerous.

CFM is often a matter of timing. The late association in a project of the main or secondary actors signifies failure and inability to take advantage of their combined skills. Conversely, the association at the right moment can have favorable consequences. In constructions, for instance, they found that the early combination of the involved actors results in cost reductions with more than 25% and of delays with 30%.

There are several ways to develop the CFM in one organization (Pham, F., 2009). Firstly it is about organization, meaning to identify the key processes, clarify roles and responsibilities of each involved actor, to specify the data input and output, to carefully define the expected relations to interfaces, to determine the decision and information circuits, overall to manage the process.

Secondly, it is about an action at the cultural level, meant to encourage practices and behaviors promoting partnership relations between the actors. This requires to listen and to take into account the feedback of others, the construction of common objectives, and the definition of shared values around the same customer focus.

Thirdly, it is about understanding that a cross manager must master numerous skills, such as: to communicate with people with different professions, nationalities or cultures, to possess good knowledge about project management, to demonstrate his/her influence and to develop personal leadership.

Fourthly, it is about sponsorship. That is the final paradox of the cross organizations: their leaders know that if they do not show themselves cooperative behavior towards their peers, there cannot be effective cross relationship between their subordinates. And even more, because the human nature is more conducive to assume that other people have more deficiencies than qualities, they need to know to filter the cognitive conflicts, to show a final correct position.

In the current complex and dynamic economic environment it is interesting to note how organizations develop networking between enterprises. Moreover, it is even appropriate to study the so called “cross relations” that determine an important part of the professional activity exercised within a network using CFM.

Despite the modernist statements, the network is as old as mankind (Naud, D., Melet, B., 2008). To create links between individuals, exchanges of goods and information, following longer or shorter paths is not a novelty in the human history. To divide or structure a space of action to favor a transaction remains one of the permanent motivations that guide an enterprise of its intention to promote a network form of organization.

More or less associated with the notion of network, cross relations are linked to the idea of collaboration and even cooperation. In recent years, organizations have developed a set of mechanisms to encourage contacts between individuals, and these mechanisms can be incorporated into a formal structure (Mintzberg, H., 1996). As their names indicate, the cross relations manage to pass over the “parser walls” of organizations to allow to the component entities to collaborate in carrying out various projects.

If cross relations are frequently associated with the notion of network, this can be called an abuse of language (Naud, D., Melet, B., 2008). In fact, strictly speaking, as network organization has no borders, no separations that require a “crossing”. In this form of organization, there may be coalitions or sub-networks whose purpose and operation system differ from those of the whole system. This does not mean that we have to overcome the traditional social and technical divisions of the enterprise.

Because over the time, several forms of organization coexist within an enterprise, network and CFM notions appear as synonyms, meaning the need for a general openness and a crossing of the separating “wall” between activities. Thus CFM became a relational stake created during the existence of an organizational stake

represented by the network. This relational stake can completely change its nature, depending on the perception and understanding of the network concept.

It's important to keep in mind that a cross relation supposes a "crossing dynamics", (Naud, D., Melet, B., 2008) stronger or less strong depending on the meaning that we give to it and on the field we study. The crossing dynamics for an enterprise signifies the creation of some relationships that allow to actors to pass various borders inside it. For this, there should be reunited a few indispensable conditions, such as:

1. Recognition of professional differences and complementarities, both individual and collective.
2. A common objective or subject to justify the need to pass over the traditional divisions of a work organization
3. Earnings divided between the actors involved in the CFM
4. Suitable interface, meaning crossing over the traditional boundaries within an enterprise
5. Spaces for free expression and argument for various actors involved, to allow full turning to account of professional skills

These conditions are absolutely necessary for any professional relationship that requires actors to overcome their common areas of activity and focus on other horizons. A cross relation involves, necessarily, a simultaneous crossing or overcoming of the power areas of the enterprise. This type of relationship leads to a meeting of the stakeholders together to outline ways of collaboration that differ from the ordinary ones. This does not mean, however, that we have to confuse cross functional management with cooperation. To cross different "territories" of the enterprise allows meetings, the initiation of various modes of action, carrying out exchanges and transactions without cooperation necessarily. "No actor or group of actors behave as if they represent an unique strategic official project. Always, each of them has a margin of freedom in action" (Chassang, G., Moullet, M., Reitter, R., 2002).

Recognizing differences and complementarities in a cross relation is being intersected with individual professional strategies. Thus, things are more complicated, as it is not enough to cross other professional horizons to build cooperation process that are not dictated by circumstances and opportunity. It is therefore necessary for the network organizations to take into account more dimensions if we want to associate CFM with a through or deepen cooperation between stakeholders. It must be admitted that any cross relationship states stakes that exceed by far willingness and need to combine various professional talents to achieve integrated and strategic objectives.

5. CONCLUSIONS

The old hierarchical pyramid, suitable for the companies of the industrial age is not the most efficient way to manage knowledge-based companies. The core of enterprises from the information age must be different and complex. This need gave birth to the concept of "enterprise type network". To manage to set up a CFM system is one of the essential stakes for enterprises (Tournier, F., Sebillaud, A., 2008). After achieving this goal, it is generally admitted that CFM is the key factor for the effective functioning of the network enterprises during present constantly changing environment.

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