Troubles with Teamwork

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"Sandy, you've gotta understand…. I really need your help on this project. Your group is on the critical path, and if I don't get your stuff by the end of the month, I'm going to blow my deadline. Please, work with me on this."

"Curt, I'd love to. You know that I would if I could. We just can't help you."

"What about all that team-building we did together, Sandy? Doesn't that count for anything?"

"Curt, that was a lot of fun. We got to know each other. We built a lot of trust. But that's not the point."

"Right, we trust each other; but I guess that's not enough. So what about that nice dinner with our spouses a couple of weeks ago? I thought we're friends."

"Curt, we are friends. I like you a lot; and I like working with you. But that's not the point either. My group is fully booked on higher priority stuff right now."

"Higher priority!? This is my number one priority! What could be higher than number one!?"

"Well, it may be *your* number one priority, but it's not my number one. I've got a project for another business unit that takes precedence. Sorry, Curt, there's nothing I can do about that. We'll put your project next on the list, okay?"

"You know that'll be too late. Sandy, don't do this to me."

"Curt, I'm not doing anything to you. My staff are all working as hard as they can, and we're working through our priority list. It's the best we can do."

"Alright, then I've got no choice. I'll have to do it all myself."

"Curt, your people don't have the skills. They'll mess it up, and then I'll have to fix it. We sure don't have time or money for that!"

"Sandy, if I don't get this project out the door on time, my career's on the rocks. A man's gotta do what he's gotta do."
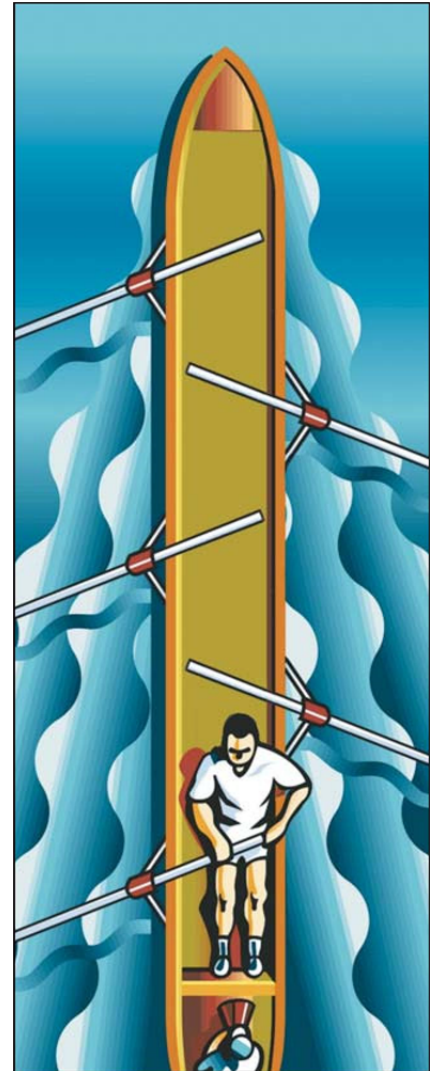
The Root of the Problem

Troubles with teamwork often have little to do with team-building, trust, or good interpersonal relationships.

Sandy wanted to help; but since Curt's highest priority is not her highest priority, teamwork won't happen. It's that simple.

And not just this once. When Curt can't trust his peers to give him needed support, he learns not to depend on teamwork. Ultimately, the organization will deteriorate into independent "silo" groups that are, for the most part, self-sufficient.

A silo organization suffers the significant costs of replicated skills and redundant work. Furthermore, fragmentation erodes integration and synergies.

There's another insidious effect: If groups have to be self-sufficient, they can't afford to dedicate all their time and energy to their specialty. They have to know a little bit about a lot of things – topics that might be other groups' specialties.

To be self-sufficient, people have to become generalists. As a result, they produce lower quality, take longer, and can't keep up with industry innovation.

Why would hard working people who get along well with one another find it so difficult to work together? It's obvious: Teamwork is undermined when each manager sets priorities independently for his or her own resources.

Some executives think this is a planning problem. But in fact, an annual plan can't direct ever-changing priorities all year long. The real root cause is the budget process.

Think of the organization's budget as a checkbook that's used to buy staff's products and services. In that context, setting priorities means deciding which checks to write – which projects and services to fund now versus later or not at all.

In traditional organizations, each manager gets a budget, and is responsible for satisfying competing demands as well as he or she can. In other words, each manager gets a subset of the organization's checkbook, and then decides which checks are to be written for his or her own products and services.

The result: One group decides to focus on project A. It may need help from another group, but funds for that other group's support are prioritized by its manager, who instead decides to focus on project B.

In this situation, teamwork depends on executive intervention and a good dose of informal cajoling and horse-trading—not a reliable business process.

The Way Out

The solution is conceptually simple: When a project is funded (prioritized), the funding must cover not only the project leader (the "prime contractor") but also all the other groups within the organization that need to be involved (the internal "subcontractors").

This way, the organization can't start projects by funding only the prime contractor (a portion of the true cost) and expect subcontractors to magically be available. If the entire project team is funded, all the support groups will have the needed resources (including staff time) to contribute to the project team.

Of course, this requires an understanding of the total costs of proposed projects and services – deliverables – across all groups in the organization.

In other words, teamwork starts with budgeting, where the real total cost of each project and service is calculated – because all the team members plan in advance what resources they'll need to participate in each project or service – before priorities are decided.

Practicalities

Traditional budget processes don't support teamwork. Each group develops a budget for cost-factors like compensation, travel, and training. Perhaps with the exception of a few very large projects, traditional budgets never calculate the total cost of projects.

The alternative is "investment-based budgeting." Visualize a spreadsheet, where the columns represent general ledger accounts (compensation, travel, training, etc.) and the rows represent deliverables – specific projects and services sold to specific customers.

In addition to the traditional column totals, an investment-based budget produces row totals: the total cost of each deliverable.

An investment-based budget not only calculates the cost of the prime contractor and all needed subcontractors. Each deliverable absorbs its fair share of overhead and other indirect costs. This way, other support activities are also synchronized with the priorities of the organization, and will have the resources available when others need their help.

In short, your budget planning process is fundamental to teamwork. ❐

For a library of information and case studies on investment-based budgeting, the method, and the tool, go to fullcost.com. *And CIOs interested in a private sounding board on their resource-governance processes may enjoy a private consultation with Dean Meyer. Contact NDMA at 203-790-1100, or* info@ndma.com.