

05

THE HERO SERIES · EPISODE 05

Excellent Functions, Broken Flow

A business can have a strong sales team, an efficient operation and a disciplined finance function, and still disappoint the customer. Customers do not buy functions. They experience the flow between them.

The channel between the beds



STARRING YOU, AS
Functional Executive

THE HERO SERIES PRESENTS · EPISODE 05

STARRING **YOU**, AS FUNCTIONAL EXECUTIVE · GUIDED BY COMPASS PERFORMANCE



YOUR STORY, AS
Functional Executive

CROSS-FUNCTIONAL STREAMS

The channel between the beds

A gardener who waters each bed on its own schedule can still lose the garden to a blocked channel between them.

The story in four acts

I

THE SITUATION

Every function performing

Sales on bookings, operations on cost and output, finance on the speed of the close: each measure is reasonable.

III

THE SHIFT

See the flow front to back

Map one important flow from first contact to cash with the people who do the work, then go and see how it really runs.

II

THE TENSION

The white space

Value is created horizontally and managed vertically. Delay, rework and lost margin collect in the handoffs no one owns.

IV

WHAT CHANGES

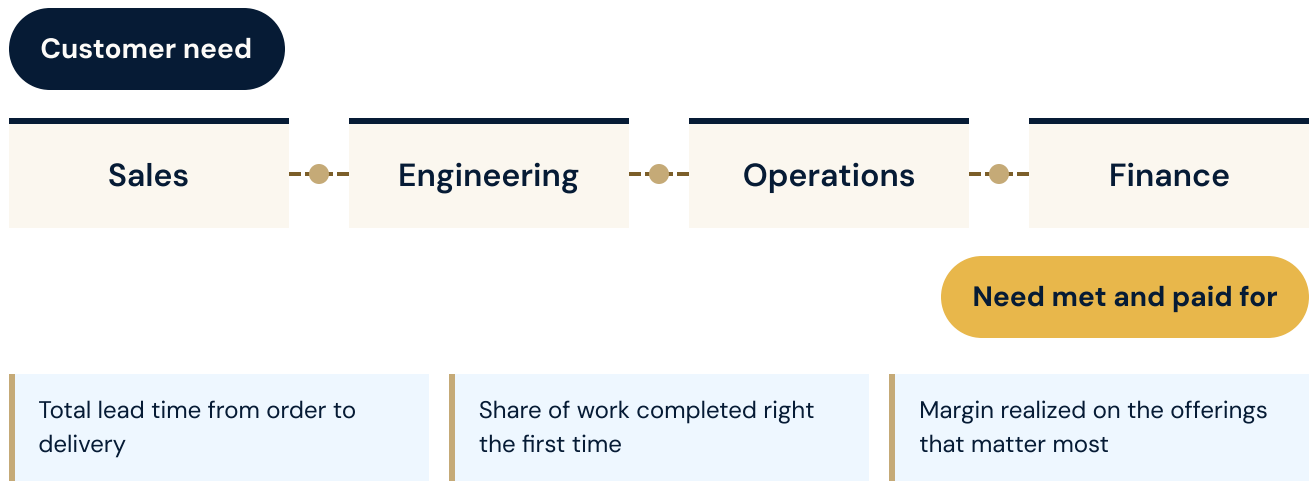
A larger role

Shared end-to-end measures and a named owner for the flow. The functional executive moves from defending a budget to shaping how the enterprise performs.

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Someone has to own the flow, not only the functions within it.

Customers experience the flow between functions



Each handoff is white space on the organization chart. End-to-end measures make it visible.

The work is in the connections.

THE FULL STORY

Functional executives are measured on what they control. Sales on bookings, operations on cost and output, finance on accuracy and the speed of the close, human resources on time to fill. Each measure is reasonable. Together they can describe an organization in which every function performs well while the end-to-end result, a customer served on time, at the expected quality and at a margin worth having, quietly deteriorates.

The cause is structural rather than personal. Value is created horizontally, across a flow of work that begins with a customer need and ends with that need met and paid for. Organizations are managed vertically, through functions that each own a segment of the flow. The handoffs between segments belong to no one in particular, and that is where much of the delay, rework and lost margin accumulates. Organizational researchers have long called this the white space on the organization chart.

Where local excellence goes wrong

Consider how sensible local decisions interact. Sales offers a customization to win an important deal. Engineering accommodates it and adds a variant. Operations schedules longer runs to protect efficiency, which lengthens lead times for everyone else. Finance tightens credit approval to manage risk, which adds days at the

point of order. No one has made a poor decision. The customer still waits longer, and the business carries more complexity than its economics justify.

This is why functional optimization so often disappoints. Improving one segment of a flow without seeing the whole tends to move the constraint rather than remove it, and it can make the overall result worse. A faster sales cycle feeding an operation that cannot absorb the work produces backlog, not growth.

See the flow front to back

Front-to-Back 80/20 asks functional leaders to start outside-in: with the customers and offerings that create most of the value, and the path their work takes through the business. The first step is not a redesign. It is a shared picture. Map one important flow from first contact to cash, with the people who do the work. Mark every handoff, every queue and every point where work is checked, corrected or sent back.

Then go and see. A map drawn in a conference room records how the flow is supposed to work; a walk through the actual work, the gemba, shows how it does. The two rarely match, and the differences are usually where the improvement lies. At each step, ask what arrives incomplete, what waits, and what would change if this step knew what the next one needed.

Measure what the customer experiences

Functional measures should not be abandoned. They remain the right way to manage the work inside each function. What most organizations lack is a small set of end-to-end measures that no single function owns alone: total lead time from order to delivery, the share of work completed right the first time, the margin realized on the offerings that matter most. These measures make the handoffs visible, and they give functional leaders a shared reason to change them.

The leadership choice that follows is about ownership. Someone has to own the flow, not only the functions within it. That may be a named value-stream owner, a cross-functional forum with real decision rights, or two executives jointly accountable for a handoff that matters. What does not work is assuming that the flow will manage itself because each function is managing its part.

The functional executive's opportunity

For a functional leader this is not a loss of authority. It is a larger role. The executive who understands how their function shapes the end-to-end result, and who can show peers where a joint change would serve the customer and the business, moves from defending a budget to shaping how the enterprise performs.

The rest of the management system can then follow the flow rather than the organization chart. Programs and projects are scoped around the handoffs that matter. Simplification removes the steps, queues and variants the flow does not need. And the ARC rhythm, Analyze, Refine, Commit, asks each period whether the customer's experience has improved, not only whether each function met its targets.

A gardener who waters each bed on its own schedule can still lose the garden to a blocked channel between them. The work is in the connections.

TRY THIS · ABOUT 45 MINUTES

Trace one handoff

With one peer whose function sits on the other side of a handoff that matters.

1. Choose the handoff between your function and another that most affects an important customer.
2. Separately, each write down what is handed over, what “complete” means to you, and how often it arrives incomplete.
3. Compare notes. Where do your definitions of complete differ?
4. Walk five recent cases of the handoff together, using the work itself rather than reports.
5. Agree on one change to the definition of complete, one end-to-end measure you will both watch, and a date to review it.

If the two of you described the handoff differently, you have found a place where the customer has been paying for the difference.

YOUR NEXT STEP

A confidential discovery conversation

If your functions are performing and the customer still waits, a confidential conversation is a place to think through which flow to map first and who should own it. It is a conversation, not a proposal.

Schedule a Conversation: meetings.hubspot.com/steve-kopecky · skopecky@compassperformanceinc.com

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