Fluid Teams are the Future of Work
Three Design Elements to Get Right
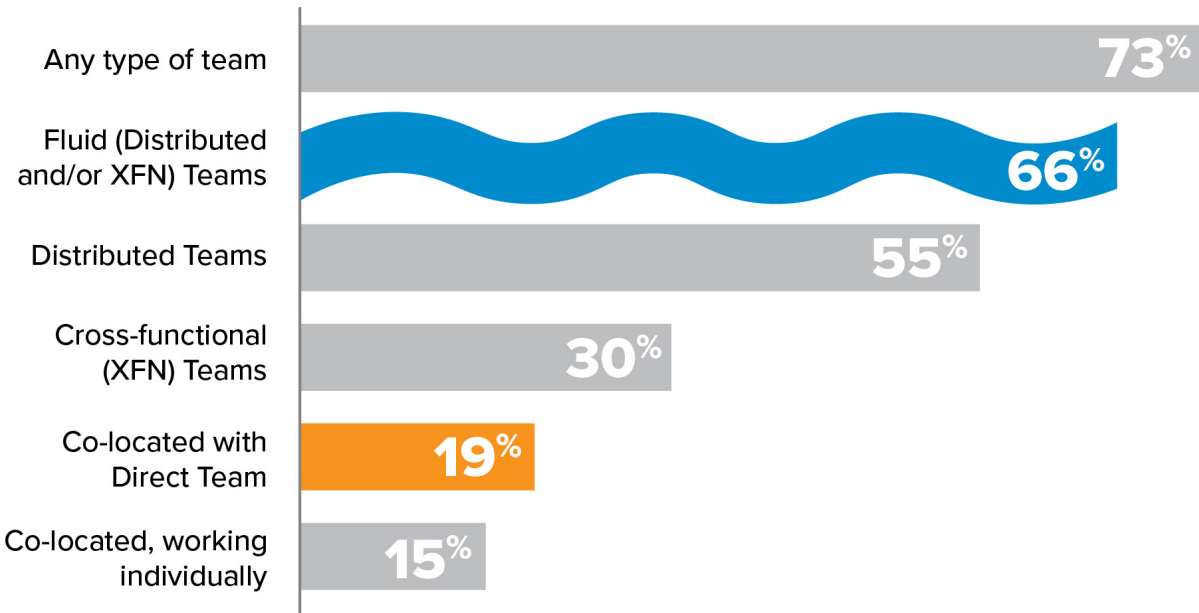
By Ken Oehler, Ph.D.

Work is, more often than not, done on geographically distributed or cross-functional teams. And although this trend is likely going to continue, most companies aren't particularly good at these types of "fluid" teams yet. According to Deloitte, 81% of Executives say work is increasingly done across cross-functional (XFN) boundaries.[1] With the rise of remote and hybrid work, more teams are distributed across geographic boundaries. Add in the rise of gig workers, and that means people will increasingly work on "fluid teams" (either XFN, distributed, or both) with a high degree of team member fluctuation as teams continually spin up and break apart working across projects, functions, geographies and employment status. Take a consulting firm as an example - teams from different practices and geographies are formed constantly around client projects and then, as projects come to a close, members move to other teams with new internal and external team members. The need for fluid teams is not isolated to consulting. Many organizations across industries struggle to work across functions (e.g., R&D prioritizing without customer feedback from sales, sellers selling what can't be done operationally, etc.), with the increasing coordination complexity of external partnerships, global operational spread and contract workers. XFN and distributed teams, when done well, create exponential value. It seems that the inertia toward fluid teams is not slowing down, but there are many unaddressed or misunderstood challenges to managing them effectively. To understand the prevalence of fluid teams and what makes them most effective, we analyzed employee data collected in May 2023 in partnership with the market research firm, QuestionPro, from over one thousand full-time US employees from companies greater than one thousand employees across a range of industries.

---

[1] Cantrell, Griffiths, Jones & HIlpakka (2022) The skills-based organization: A new operating model for work and the workforce. Deloitte.

PRIMARY TYPE/GEOGRAPHIC DISTRIBUTION OF WORK

|	
Any type of team	73%
Fluid (Distributed and/or XFN) Teams	66%
Distributed Teams	55%
Cross-functional (XFN) Teams	30%
Co-located with Direct Team	19%
Co-located, working individually	15%

RADICL Work Experience Research

The vast majority of people are working in teams. For many, management's rush to get back in the office may make little sense given that only 19% of people are working co-located primarily with their direct team. Over half (55%) are already on geographically distributed teams with fully 26% working on teams distributed over 3 or more time zones. The need for XFN teamwork will likely depend on the type of work needed to be done. Thirty percent are working primarily on XFNs (vs. their core organizational team). The highest rates of XFN work are at the VP/SVP level (50%), and in the Consumer Products and Healthcare Industries. Individual Contributors are evenly distributed across individual, direct team and XFN work. There is little difference in the rate of XFN collaboration based on company size or function. Director/Manager level and workers in the Financial Services and Transportation industries tend to have the highest rates of working on direct teams. But employees across ALL levels, industries, and companies work in XFN teams. Two-thirds (66%) are working on fluid teams and the trend toward Fluid Team collaboration is likely to increase.

Effective Fluid Collaboration Equals Better Work Outcomes. Isolating people working on fluid teams, we can see the impact differences for those saying their cross-functional collaboration is effective vs ineffective. Those effectively collaborating across boundaries have twice the level of Engagement and Retention, 2.5 times decision quality and speed, and 57% higher individual productivity.

RADICL

IMPACT OF XFN EFFECTIVENESS >
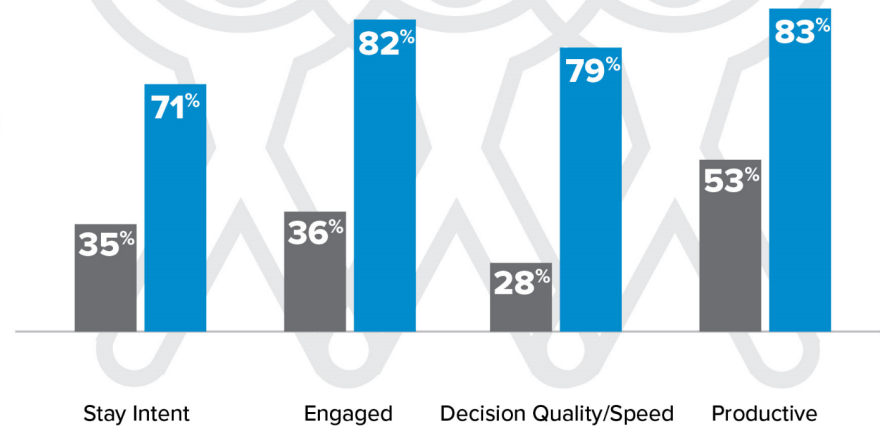
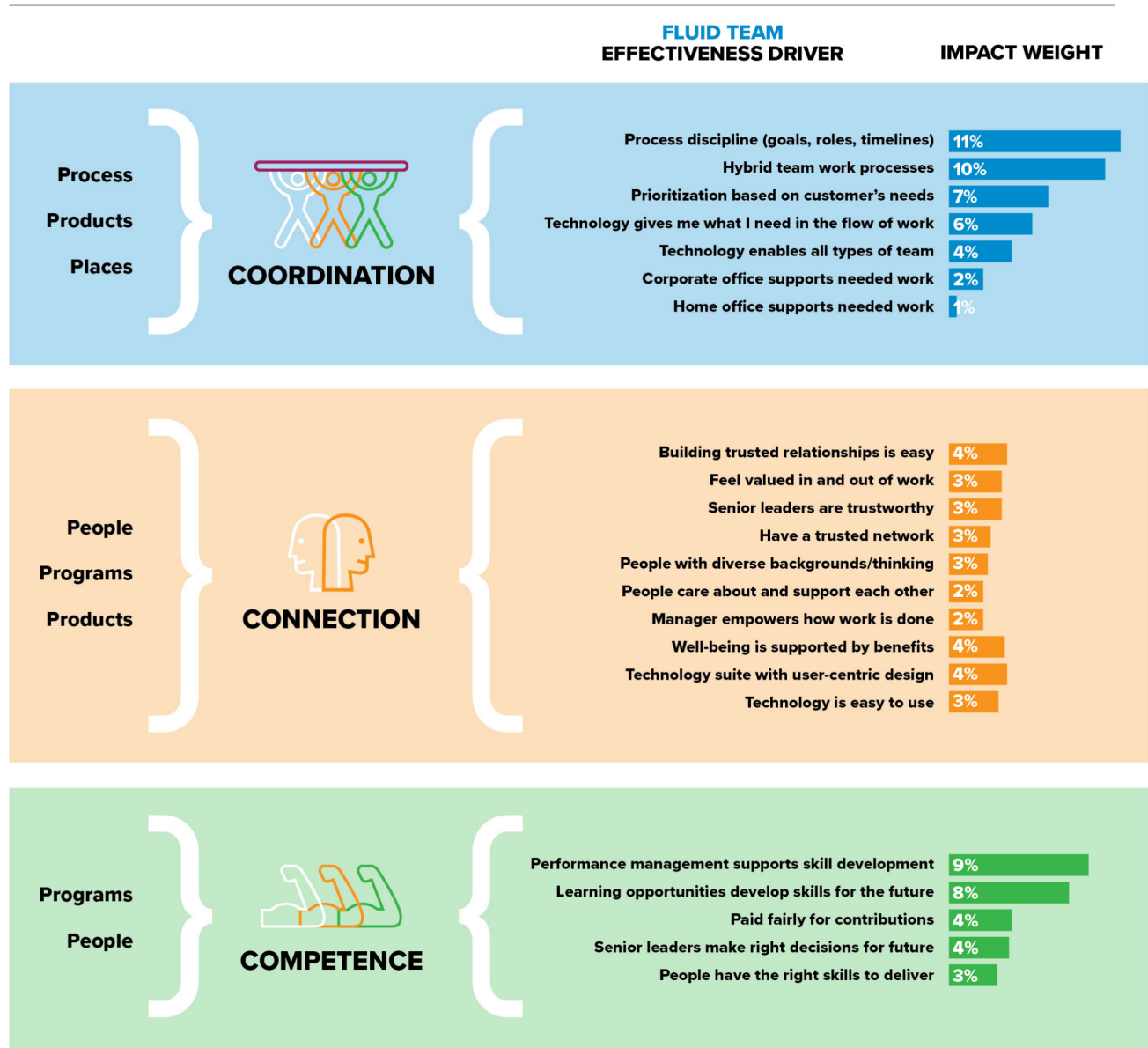|	Stay Intent	Engaged	Decision Quality/Speed	Productive
Ineffective XFN Teams	35%	36%	28%	53%
Effective XFN Teams	71%	82%	79%	83%

RADICL Work Experience Research

But, these teams have a lot of room for improvement. Tabrizi (2015) found that few XFN teams work well.[2] And our research, applied to fluid teams, reveals that 87% think there is room for improvement when it comes to decision quality/speed, XFN collaboration with impact, and individual productivity. In addition to the process focus Tabrizi outlines, we highlight some incrementally powerful and crucial ingredients to getting fluid teams right.

13%

HIGHLY EFFECTIVE FLUID TEAMS >

RADICL Work Experience Research
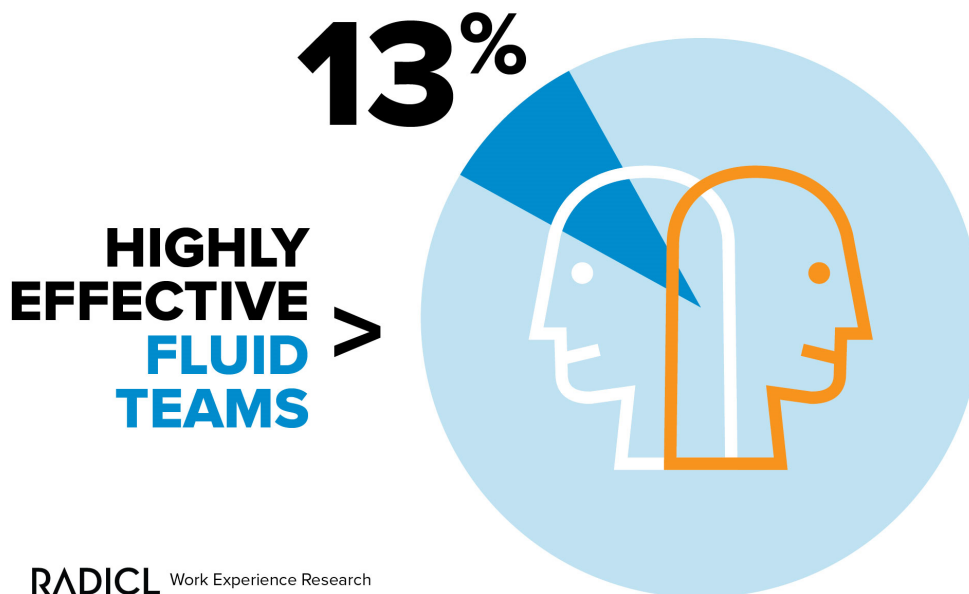
Elements of Fluid Team Effectiveness. The drivers of fluid team effectiveness are multifaceted across *People, Places, Products, Process* and *Programs* interventions. For our fluid team workers, we see that

---

[2] Tabrizi (2015). 75% of Cross-functional teams are Dysfunctional. Harvard Business Review.

RADICL

Process discipline carries a lot of weight, followed by the *People* one works with, HR *Programs*, Technology *Products*, and *Places* of work. The corporate office holds low value in this equation and the home office holds almost none. We see that five elements - process discipline, hybrid processes, prioritization, learning programs and performance management - carry the most weight in explaining fluid team effectiveness. It would be easy to conclude that all leaders need to do is implement these processes and programs to succeed, but this would ignore many other important interventions, and more importantly, this approach would perpetuate siloed inside-out design that would likely miss the outcomes that fluid team members really need.

FLUID TEAM
EFFECTIVENESS DRIVER   **IMPACT WEIGHT**

COORDINATION

Process | Products | Places

Driver	Weight
Process discipline (goals, roles, timelines)	11%
Hybrid team work processes	10%
Prioritization based on customer's needs	7%
Technology gives me what I need in the flow of work	6%
Technology enables all types of team	4%
Corporate office supports needed work	2%
Home office supports needed work	1%

CONNECTION

People | Programs | Products

Driver	Weight
Building trusted relationships is easy	4%
Feel valued in and out of work	3%
Senior leaders are trustworthy	3%
Have a trusted network	3%
People with diverse backgrounds/thinking	3%
People care about and support each other	2%
Manager empowers how work is done	2%
Well-being is supported by benefits	4%
Technology suite with user-centric design	4%
Technology is easy to use	3%

COMPETENCE

Programs | People

Driver	Weight
Performance management supports skill development	9%
Learning opportunities develop skills for the future	8%
Paid fairly for contributions	4%
Senior leaders make right decisions for future	4%
People have the right skills to deliver	3%

RADICL

Relative Weights Analysis (RWA) used to identify relative impact of each potential predictor on an outcome index of XFN Effectiveness, Decision Quality/Speed and Individual Productivity (R-squared = 0.71)

Design for Coordination, Connection and Competence. By adopting a design thinking perspective, it becomes apparent that achieving success in fluid teams primarily involves fulfilling the members' requirements for coordination, connection, and competence over the specifics of how that might be achieved.

RADICL

Moreover, the significance of integrated design becomes evident when we recognize the need for multiple delivery mechanisms (such as processes, people, programs, products, and places) to seamlessly converge in order to deliver the essential elements that contribute to the value of fluid teams. To illustrate the necessity of integrated design, let's examine the relative impact of the drivers within each design element:

- **Coordination:** Fluid teams crossing functional and geographic boundaries require perhaps higher coordination than traditional onsite teams. Careful coordination of work processes, technology and where work is taking place is required. The importance of outside-in prioritization and disciplined processes to execute cannot be overstated. What's interesting is how important it is to also bring together hybrid processes (the second most important of all elements), seamless technology that enables all types of teams and new at-home/onsite routines in the context of fluid teams. Collectively, elements of coordination account for 41% of the effectiveness impact.
- **Connection:** Feelings of Identity, Belonging, Empowerment and Trust across leaders, managers and co-workers are critical to Fluid Team effectiveness. Design largely centers around team makeup, programmatic and technology choices that promote individual identity, caring and empathy. Hiring, development, wellness programs and technology play a part, and must integrate with day-to-day personal behavior choices of leaders, managers and team members that create positive team connections. Integrated design across people, programs and products makes up 31% of the Fluid Team effectiveness impact.
- **Competence:** Acquiring, building, deploying and rewarding the right skills are also critical to Fluid Team effectiveness. The importance of building needed skills through learning and performance management programs seems to supersede forming teams with people that already have all of the right skills. Integrated design of people and programs that support skills accounts for 26% of Fluid Team impact.

This examination of designing for coordination, connection and competence calls into question current team designs that traditionally happen in silos. For example, when one considers a workforce where few are working with onsite teams, the relatively low individual impact of the corporate office (2%), and the larger number of design elements that need to come together, the flawed logic of getting employees back in an office as a single strategy to fix culture and productivity is exposed. Technology on its own has relatively low impact. The real technology opportunity appears to be creating an experience that invisibly integrates and proactively pushes needed information to people in the flow of work processes (Hello Artificial Intelligence and Elegant design!). As a final example, the design of traditional HR systems oriented toward individual performance really should be questioned if fluid teams are where value is generated. As our research points out, the vast majority of people are working on teams and need programs that support growth in the context of these teams. There is no "I" in Team…except when it comes time for performance appraisal and pay decisions. Further, the prevalence of XFN teams calls into question if the direct-line manager is the right person to set goals and assess performance. Given that 66% of people are working on fluid teams, is it possible that traditional management structures, performance management, and many HR programs over-rotated on individual performance are missing the mark two-thirds of the time? Performance management does show up as a significant driver of team effectiveness, and only as a feedback/development vehicle that helps people build skills needed for the future. Skill development has 5X the impact on team performance as pay. In fact, with current systems, many employees will actively avoid XFN teams because most performance goals and pay deter this type of work by design.

RADICL

It's all about Trust. Collectively, we see the importance of Coordination, Connection and Competence for Fluid Team effectiveness. *All* of the intervention areas outlined above have implications for a Fluid Team experience of *trust* - not just trust in one another, but trust that we are all rowing in the right direction, trust that we are and will get [stuff] done, trust that team members bring needed skills, trust that the organization values and rewards XFN participation, trust that being on a Fluid team will help one develop and not be a waste of time. But interpersonal trust, and the ease of building it, is also really critical to unlocking people's energy and willingness to try, fail, learn and give their best. Individuals need to feel that they are valued for who they are now and how they will develop needed skills to contribute. Teams are ultimately a group of people that have needs for individual and shared Reason for being, Accomplishment, Direction, Identity, Connection and Learning. If we could make this happen for individuals and teams, that would be a radical improvement in the design and outcomes of the evolving nature of collaborative work. ***How might we…?***

To learn more about how **RADICL** can help, contact:
ken.oehler@radiclwork.com
info@radiclwork.com
www.radiclwork.com

RADICL