strategy&

Formerly Booz & Company

Unleashing the power of teams

From theory to execution

pwc

Contacts

Chicago

Vinay Couto
Senior Partner
+1-312-578-4617
vinay.couto
@strategyand.pwc.com

New York

Jon Katzenbach
Senior Executive Advisor
+1-212-551-6115
jon.katzenbach
@strategyand.pwc.com

San Francisco

DeAnne Aguirre
Senior Partner
+1-415-653-3472
deanne.aguirre
@strategyand.pwc.com

Shanghai

Joni Bessler
Senior Executive Advisor
+86-21-2327-9800
joni.bessler
@strategyand.pwc.com

Stockholm

Per-Ola Karlsson
Senior Partner
+46-8-50619049
per-ola.karlsson
@strategyand.pwc.com

Zurich

Ilona Steffen
Principal
+41-43-268-2169
ilona.steffen
@strategyand.pwc.com

About the authors

Jon Katzenbach is a senior executive advisor with Strategy& based in New York and leads the Katzenbach Center, which develops practical new approaches to leadership, culture, and organizational performance. With more than 45 years of consulting experience, he is a recognized expert in organizational performance, collaboration, corporate governance, culture change, and employee motivation. Before joining Strategy&, he was a founder of Katzenbach Partners LLC. He co-authored with Douglas K. Smith two best-selling books on team performance, *The Wisdom of Teams and The Discipline of Teams*. He is also the author of *Teams at the Top*.

August Vlak was formerly a senior executive advisor with Booz & Company.

Aurelie Viriot was formerly a senior associate with Booz & Company.

This report was originally published by Booz & Company in 2011.

The authors would like to thank Caroline Kronley, Kenneth Kurtzman, John Rolander, and Ilona Steffen for their contributions to this Perspective.

Executive summary

In most organizations, the untapped performance potential from teams is enormous. While the fundamental theory of team performance is perhaps well known, many teams fall short of their full potential because they fail to move from theory to execution, particularly when it comes to making critical decisions about when, where, and how to team. The first step to executing a well-designed and sustainably effective team performance strategy should be taken at the senior leadership level. In workshops focused on applying team fundamentals to real business challenges, senior leaders can learn to recognize the significance of different types of teams and when they should be employed, while generating immediate business impact. After senior leadership has successfully embraced and internalized strategic teaming, top managers should develop the institutional capability to spread these behaviors throughout the organization. With attention and diligence, companies can fairly rapidly move from team theory to execution and improve the performance and effectiveness of their teams.

Keys to successful teaming

As business environments become more competitive, global, virtual, and breakneck-paced, the value and potential of team performance to drive organizational success gain significantly. For one thing, effective teaming facilitates cross-functional activities, which in turn tend to produce behaviors that result in better organizational performance. Equally important, disciplined teaming choices and behaviors improve the quality of internal discussions and collaborative thinking, create engaged and motivated workers, and greatly extend leadership skills.

There are five prerequisites for a successful team:

- *Clear objectives:* What are we trying to accomplish as a group? The group's purpose and specific goals — the challenges it is addressing — must be laid out in order to establish a commonly agreed-on working approach.

- *Communication:* What is the process for letting one another know what we need to know? The team's working approach, rules, behaviors, decision-making protocols, and interactions should be explicitly discussed, especially at the inception of the group or when new members join.

- *Membership criteria:* What do we need in order to accomplish our performance goals? Teams operate best when membership is relatively small but carefully constructed to include the necessary skills, expertise, experience, and political clout to get the job done. When needed, outsiders can be brought in to offer new perspectives and ideas and team members can be trained in new skills.

- *Member roles and accountability:* What are we mutually accountable for? Who is accountable for what? Performance expectations for team members and the group as a whole should be clearly delineated, including precise descriptions of individual responsibilities and how these responsibilities interconnect.

- *Leadership approach:* When do we need a single leader as opposed to multiple leaders? When and how do we shift the leadership role among team members based on the task at hand? There are distinct team modes, and each requires a different leadership approach. Individual leadership, multiple leadership, and shifting leadership models are the primary options, depending on the performance situation.

Working groups that rigorously apply these fundamentals will tilt the odds of success greatly in their favor. But it's important to bear in mind that not every business challenge requires a full-blown "real team" effort. (In our terminology, a real team is characterized by collective work products, shared leadership, and mutual accountability. By contrast, a single-leader unit would rely heavily on a hierarchical manager who monitors individual assignments and accountability.) Depending on the task at hand, single-leader units and even mere discussion groups may be sufficient (*see Exhibit 1, next page*). No small group at any level or department of an organization can fully succeed without learning to integrate and use discussion group, single-leader, and real team working approaches as the situation dictates.

Working groups that rigorously apply teaming fundamentals will tilt the odds of success greatly in their favor.

For example, a group that must address a business-as-usual issue requiring speed and efficiency — such as the need for a quick pricing analysis in response to a client's price cut ultimatum — can easily achieve its goals with the traditional single-leader approach; indeed, it is best for this group to avoid engaging in time-consuming team-building activities, lengthy debates about routine matters, and the reconsideration of everyday decisions. On the other hand, operating as a real team is imperative if significant and profound collective insight is a priority — for instance, when examining the impact on every aspect of the business of a possible new discounting strategy that would cut prices across the board by 20 percent. All too often, companies fail to recognize the need for a real team to address these types of complex questions and leave insufficient time for unstructured discussion while operating too hierarchically.

In our experience, comparatively few senior leadership challenges actually warrant a real team, but knowing when this approach is required can obviously have a tremendous impact on the organization's chances for success. In general, real teams are needed when the situation calls for (a) products to be delivered by three or more people working together in real time, (b) leadership roles that shift among the members to match skills and experience to the challenge at hand, and (c) mutual as well as individual accountability.

Exhibit 1
Basic team modes

	Discussion group	Single-leader unit	Real team
Clear objectives	Information sharing	Business-as-usual performance Need for speed and efficiency	Breakthrough performance Need for group insight
Communication	Based on expertise	Between leader and individual members	Across all team members
Membership criteria	Relevant knowledge	Individual skills	Complementary skills
Member roles and accountability	Stakeholder representation	Individual work products Individual accountability Clear, stable roles	Collective work products Mutual accountability Evolving roles
Leadership approach	Distributed leadership	Single leadership	Multiple leadership Shifting leadership

Source: Strategy&

Why teaming efforts fall short

These team performance concepts are well established and might even appear straightforward. But many teams fail to achieve their potential when moving from theory to execution. Part of the problem is tied to the organization's culture, which tends to play a big role in determining "how we team around here" — often with suboptimal results. For example, cultures that stress strong individual accountability generally resist real team efforts that are based on mutual accountability and shifting leadership roles. Conversely, many collaborative cultures often miss performance opportunities by trying to introduce real team efforts into situations where a strong single-leader approach is more appropriate. Moreover, corporate leaders frequently fall into the trap of using the same teaming approach for all purposes, usually because they naturally gravitate to what they have grown comfortable with or because they lack familiarity with other teaming methods. Simply put, few organizations have developed the internal capability to help their leaders and staffs to consistently identify and apply the appropriate approach to group work — choosing between, for example, single-leader and real team approaches based on the task they are expected to perform.

Leaders frequently fall into the trap of using the same teaming approach for all purposes.

The damage that this endemic shortcoming can do is aptly illustrated by a government agency responsible for enforcing securities laws and regulations. Traditionally, the agency's teams were based on the single-leader unit model. Small groups approached inspection and enforcement tasks in a largely hierarchical, execution-oriented manner following standard rules and procedures, which adequately served the agency's day-to-day activities. As the agency embarked on a broad-scale transformation to become more nimble and effective, special project teams were set up to rethink the organization's structure and operating model. However, with no precedent for operating as real teams, these groups defaulted to the agency's single-leader framework; as a result, they were unable to generate the diversity of ideas and inspire the levels of innovation needed to rewire the organization. Not surprisingly, these teams struggled to fulfill their mission.

In addition to these traditional concerns, so-called virtual teaming creates new obstacles for many organizations. As teams become more and more scattered, with members located at distant sites around the

world or at least rarely at the same place at the same time, asynchronous group participation and disembodied communication are increasingly the norm. Groups must work together through virtual environments — via e-mail, teleconferences, and computer applications (known generically as groupware) that let people share information and collaborate on projects from wherever they are. While often the only real option — and one that has certainly become more efficient as new technology continues to simplify the process — the virtual environment nonetheless raises a host of challenges for team efforts.

For one thing, people in technology-based groups have a great deal of difficulty developing the emotional commitment, shared understanding, and mutual respect required for top-flight team performance, and cultural diversity, which is commonplace in virtual teams, often exacerbates communication obstacles. Moreover, groups working virtually are often less rigorous about controlling membership — indeed, groupware offers easy processes for adding new people, turning small groups into "swarms." This can complicate and hinder work sufficiently that many groups lose the discipline required to achieve their goals. And perhaps most perplexing, groupware often reinforces natural biases toward the single-leader approach: Because electronic communication and collaboration encourage group members to tackle team objectives at different times, collective work products often disaggregate into individual efforts with individual accountability. And on top of all of these potential groupware concerns, by limiting spontaneous interactions, groupware may reduce group creativity.

Although achieving stellar performance in virtual teams requires the same discipline practiced in co-located groups — that is, making conscious choices among different team approaches to match the challenge at hand — specific best practices can help virtual teams address the unique challenges they face. These practices include the following:

- Discuss individual and collective purposes and goals early in the life of the group project. Ideally, this discussion, as well as periodic problem-solving sessions, should be held face-to-face.
- Establish specific expectations and rules regarding the use of groupware features and applications — which ones should be employed, when and by whom, and for what purposes. Simply assuming that the technology aspects of the team's work will take care of themselves is a huge mistake.
- Limit team size to 12 at the most; split larger groups into sub-teams. Explicitly distinguish core group members from partial contributors, identify who will have access to which materials and meetings, and determine when and how subgroups should work.
- Push for early wins against clear and compelling near-term goals to foster team pride and cohesiveness.

Start at the top

The first step in executing a well-designed and sustainably distinctive team performance capability in an organization should be taken at the senior leadership level. There are two reasons for this: First, knowing how to choose among basic teaming modes is an invaluable capability that greatly enhances the performance of most senior executive group efforts. Second, senior leadership groups that learn, adopt, and demonstrate a disciplined teaming approach can begin the process of building the institutional capabilities to drive real team behaviors and disciplines in an accelerated fashion throughout the organization.

Many organizations try to instill team behaviors among senior leaders by sending them to Outward Bound–like offsites, where group members bond by building rafts, climbing walls, or falling backward into each other's arms. While there is certainly some "bonding value" to these activities, in our experience they rarely have a sustained impact on the team performance capability of the senior leadership group. Once back in their daily routine, senior leaders often revert to their old group behaviors. To truly change how they work with one another, managers need the opportunity to learn and, most important, practice new behaviors. And they need "reminder mechanisms," both formal and informal, to ensure the consistent repetition of those behaviors. The central focus needs to be on doing real work as a group rather than on merely trying to become a team.

To truly change how they work with one another, senior leaders need the opportunity to learn and, most important, practice new behaviors.

To achieve this, the best approach is a series of working sessions at which senior teams tackle real problems that they and the organization are facing and begin to coalesce around dealing with actual performance challenges (*see "Teaming for Success," page 12*). These senior group workshops should be structured as 20 percent teaming fundamentals theory and 80 percent applying the theory to the group's current business priorities. Substantive issues like skills required, meeting structure, leadership roles, and decision making should be addressed in the process of solving real business challenges. It is essential to follow up on commitments made during the workshop to ensure that team members utilize what they have learned rather than lapse into old ways of working.

Based on observations at leading global organizations, we've identified five practices that are critical to the success of these senior leadership team workshops:

- Apply the fundamentals of team performance to actual business needs, connecting performance objectives and team discipline while building sustained commitment to business performance. Preparation for each senior leadership workshop requires up-front interviews with the team's members (and potentially its key stakeholders) to understand not just behaviors but also the business issues that are affected by those behaviors.
- Focus on the "hard side" of teaming — the disciplined choices, compelling performance purpose, clear role definition, working approach, prioritization, and decision making that will drive business performance — in order to establish a clear case for how teaming and leadership attributes will generate results. Part of this process is clarifying the specific behaviors required for team performance and providing tools and approaches to support these behaviors.
- Clarify the critical choices of when and how — discussion group, single-leader, or real team approach — that will enable teams to work in the appropriate mode for the performance situation they face. As noted earlier, it is essential to consider the different options for group work rather than "trying to become a team" when other group approaches are more appropriate.
- Focus the discussion on defining and facilitating trade-offs and tensions within and between teams. Most teaming is essentially a collection of "right fights" that together generate shared performance goals. As a result, successful team discussions don't merely focus on alignment, togetherness, consensus, and agreement, but explicitly look for necessary tension and ways to make the tension productive.
- Ensure that the workshop has built-in follow-up procedures. These can include a set number of hours to be used for future discussions about team purpose, performance, restructuring, or leadership approach. If this is not negotiated with the team in advance, it is unlikely to happen, and initial enthusiasm will inevitably fade in the face of new priorities.

A deft facilitator — who possesses a deep understanding of group dynamics and psychology as well as teaming and decision making, and has excellent interpersonal skills and extensive real-world business experience — sometimes helps senior management teams achieve their aims. It is usually better, however, if the facilitation role can be performed by working members of the team. Organizations should consider outside facilitator candidates carefully, and conduct a test run to make sure they fit the particular culture of the company. The best ones are able to contribute to the substance of the team's performance challenge as well as the interactions within the team.

By the end of these sessions, senior leaders should have addressed more than one of the business challenges through their workshops, no matter what form the groups end up taking. Moreover, this team building experience has ideally become second nature to the senior leaders, ensuring that they will continue to use these skills as they face problems, obstacles, and strategic questions in the future.

Teaming for success

A consumer products company had just undergone a substantial global reorganization, a confusing ordeal that in the heavily matrixed organization led to uncertainty about roles and responsibilities along with costly delays in crucial decision making. And this was happening as the company's underlying sales and market share were already declining.

To get the organization back on track, 30 workshops in 15 countries were set up with the top senior management teams — representing 70 percent of the company's business as well as high-priority areas — with the goal of helping them to maximize their potential and the business's returns in the company's reorganized operating framework. During each of the workshops, teams framed the organizational needs under the new approach and explored leadership tools, concepts, and methodologies — for example, the different types of teams and when to use them, the development of effective sub-teams, and the best methods for designing and running meetings. They collectively identified opportunities, prioritized them, and defined action plans.

The results of the workshop were significant, and the impact was immediate. Roles, responsibilities, and key interfaces were clarified. Strategic priorities were established, allowing senior teams to focus where it mattered most. Disciplined meeting structures were created, with clear agendas and efficient information sharing; indeed, agenda items were reduced by as much as 70 percent and meeting times were greatly minimized, saving each group member as much as half a day per week. Follow-up working sessions about how the teams themselves could work more effectively with one another only added to the value of this process.

In a company with more than 100,000 employees, these senior leadership workshops were critical to implementing the new organizational framework quickly and to building momentum for this change in the broader organization. After the broad successes enjoyed by the senior teams, the groundwork could be laid for widespread teaming focusing on business improvement and better results throughout the organization. Senior leaders often accomplished this by instilling teaming behaviors and concepts in their direct reports. And though the process was not entirely viral and training was necessary at lower levels, starting at the top made it easier to demonstrate to the organization the value, importance, and rudiments of teaming know-how. Since this strategic teaming effort began, the consumer products company has enjoyed growth in sales and total shareholder return that has significantly outperformed the industry.

Spread the critical behaviors

After senior leadership has successfully embraced and internalized strategic teaming, top managers should develop the institutional capability to spread these skills throughout the organization. Widespread adoption of teaming fundamentals requires a robust teaming infrastructure that encourages (and in some cases mandates) effective group behaviors everywhere and at every level in the company. The following four pillars ensure an efficient and sustainable deployment of team performance disciplines:

Create company-specific frameworks, language, and decision criteria

Although many teaming challenges are similar across companies, using words and stories linked to an organization's culture, aspirations, and history can simplify the process of helping groups understand how best to reach their goals. Such meaningful language and frameworks that tie teaming to the specific business initiatives, characteristics, and objectives of a company can simplify and make more tangible the process of learning when and how to use different team disciplines. This customized framework can be developed by conducting interviews with the company's leadership to elicit the ideas and words that best illustrate the organization's personality and culture.

Widespread adoption of teaming fundamentals requires a robust teaming infrastructure.

Build the capability to deploy across teams

Instilling team frameworks and disciplines throughout the organization requires tailored tools, process support, and strong facilitators in addition to engaged senior sponsors. A tailored methodology and corresponding support content are key to consistent implementation. They should include a set of comprehensive training materials that internal and external consultants can use in working with leadership teams on their performance against business challenges. These materials should be scalable throughout the organization. Carefully identifying, training, deploying, and managing internal and external resources to support the development of these materials and to facilitate

training is critical to ensure widespread adoption of teaming fundamentals and achieve sustained impact.

Institutionalize with process infrastructure

As organizations aspire to deliver against multiple team performance opportunities, effective process support is essential. In addition to training programs focused on when and how to team effectively, an organization needs to have systems in place to institutionalize teaming skills and drive sustained impact. This includes process infrastructure for the following:

- *Identifying and prioritizing small group opportunities:* Processes are needed to ensure that leaders have a clear strategic agenda and performance goals to assess special group opportunities and determine the best working approach — real team, single-leader, or discussion group.

- *Integrating performance goals to highlight and evaluate team results:* The performance goals of formal groups, individuals, and ad hoc group initiatives should be integrated to make certain that there is no disconnect between the company's strategic thrust and the organization's efforts to address it. Because many performance and goals management systems cover only an organization's permanent structural units, an increase in special group efforts can require upgrading to systems that can better assess team performance and results.

- *Assigning people to teams:* Consulting and other professional services whose performance is heavily dependent on how projects are staffed have rigorous processes in place with multiple sources of input to ensure careful consideration of the skills and resources required for a group to do a job correctly. As other types of companies realize the value of cross-functional group initiatives, similar processes should be developed.

- *Selecting and developing team leaders:* Companies that rely heavily on small group efforts can often benefit from specific processes and systems to identify and select candidates for leadership roles. When doing this, it is important to recognize that some leaders are better candidates for single-leader units, whereas others are better equipped to lead real teams. The ideal leader, of course, is one who can recognize different situational needs and adopt the appropriate leadership format for each. Processes and systems help senior leadership ensure that the right skills and leadership abilities are deployed in line with the group's purpose and chosen working approach.

- *Providing incentives for superior team performance:* Reward and recognition — both monetary and nonmonetary — are an important element of sustaining teaming capability. Special awards and bonus arrangements can be tailored to particular team challenges. However, most real teams are not motivated by money; they respond more to the nonmonetary aspects of real team achievements and to collaborative interactions.

Develop peer-to-peer networks to sustain impact

To keep teaming practices at the forefront in an organization and continue to enlist new converts to the notion, networks of advocates who can capitalize on peer-to-peer interactions are extremely valuable. In essence, these networks are informal groups of individuals who have a common interest in disciplined teaming choices and behaviors and can sustain and virally spread teaming best practices. Specific actions of these networks may include sharing teaming techniques with leaders from across the organization, updating approaches and best practices regularly, or creating "community" tools and methods of reinforcement. If appropriately structured, these networks can become powerful ways to develop a culture that truly enables team performance and will both fortify the experiences of teams that have received specialized training and influence those that have not.

Identifying the right people to spearhead this peer-to-peer effort is critical. They should be accomplished motivators and well-respected advocates who instinctively know how to tap into the sweet spots that energize individuals in their day-to-day work. They should also be adept at instilling performance teaming behaviors throughout the organization to accelerate change. Senior leaders who have firsthand knowledge of the individuals under consideration can often easily produce a starter list of possible candidates for this role.

Applying the fundamentals of team performance with a consistent and broad-based approach is a powerful way to enhance both the capability and capacity of senior teams and generate measurable business results. In workshops focused on applying team fundamentals to real work, senior leaders effectively learn to rely on careful, deliberate, and disciplined choices for when and how to team for success while beginning to solve actual business challenges, thereby generating immediate impact. To fully unlock the untapped performance potential from teaming efforts, however, senior leaders must then alter their own teaming behaviors to consistently identify and apply the right working approach to tackle the issue at hand. Once that is accomplished, they can build the internal capability to instill team disciplines in the broader organization. With attention and dedication, companies can fairly rapidly and successfully move from team theory to execution.

Strategy& is a global team of practical strategists committed to helping you seize essential advantage.

We do that by working alongside you to solve your toughest problems and helping you capture your greatest opportunities.

These are complex and high-stakes undertakings — often game-changing transformations. We bring 100 years of strategy consulting experience and the unrivaled industry and functional capabilities of the PwC network to the task. Whether you're charting your corporate strategy, transforming a function or business unit, or building critical capabilities, we'll help you create the value you're looking for with speed, confidence, and impact.

We are a member of the PwC network of firms in 157 countries with more than 184,000 people committed to delivering quality in assurance, tax, and advisory services. Tell us what matters to you and find out more by visiting us at strategyand.pwc.com.

This report was originally published by Booz & Company in 2011.

www.strategyand.pwc.com

© 2011 PwC. All rights reserved. PwC refers to the PwC network and/or one or more of its member firms, each of which is a separate legal entity. Please see www.pwc.com/structure for further details. Disclaimer: This content is for general information purposes only, and should not be used as a substitute for consultation with professional advisors.