CHAPTER 1

Teams in Organizations
Facts and Myths

Ed Johnson, package division manager of United Parcel Service Inc.’s northwest division in Shreveport, Louisiana, received a call from a New Orleans city official on the Tuesday evening following Hurricane Katrina’s devastating blow to New Orleans. The city officer was desperately searching for a package containing a generator part that was needed to bring electricity to City Hall. After calling several UPS sites around the United States, Johnson discovered that the package was in Oklahoma. Employees in Oklahoma found the package among hundreds of boxes with limited tracking information. It was 9:30 P.M. and too late to send the package by air. Given the gravity of the situation, Ed Johnson coordinated an overnight, 764-mile “Pony Express” by personal vehicles owned by his own employees. Five managers at sites between Oklahoma and Hammond, Louisiana, formed a chain: Each manager drove several hours east with the package before handing it at an arranged stop to another manager. From start to finish, the delivery involved the efforts of about 15 UPS employees. The package reached New Orleans’ City Hall at noon Wednesday—about 14 hours after the phone call. Had there been one weak link, the chain would have broken.¹

Ed Johnson’s chain of team effort is only one of several examples of how people can unite with a sense of purpose under pressure. Johnson’s team had a single goal, and everyone had a role to fill for that goal to be achieved. These elements—a shared goal and an interdependent group of people—are the defining characteristics of teams. Virtually everyone who has worked in an organization has been a member of a team at one time or another. Good teams are not a matter of luck; they result from hard work, careful planning, and commitment from the sponsoring organization. Designing effective teams is a skill that requires a thorough understanding of teams to ensure that the team works as designed. Although there are no guarantees, we believe that understanding what makes teams work will naturally lead to better and more effective teams. In this book, we introduce a systematic approach that allows leaders, managers, executives, trainers, and professionals to build and maintain excellent teams in their organizations.

PART I  The Basics of Teamwork

Our systematic approach is based upon scientific principles of learning and change. Implementing change requires that managers audit their own behavior to see where mistakes are being made, consider and implement new techniques and practices, and then examine their effects. Unfortunately, accomplishing these tasks in a typical organizational setting is not easy. This chapter sets the stage for effective learning by defining what a team is—it’s not always clear! We distinguish four types of teams in organizations in terms of their authority. We expose the most common myths about teamwork and share some observations from team leaders. We provide the results of our survey on how teams are used in organizations and the problems with which managers are most concerned. The problems cited by these managers cut across industries, from doughnut companies to high-tech firms. These problems and concerns are examined in the chapters that follow.

WHAT IS A TEAM?

A work team is an interdependent collection of individuals who share responsibility for specific outcomes for their organizations.2 Not everyone who works together or in proximity belongs to a team. A team is a group of people who are interdependent with respect to information, resources, and skills and who seek to combine their efforts to achieve a common goal. As is summarized in Exhibit 1–1, teams have five key defining characteristics. First, teams exist to achieve a shared goal. Simply put, teams have work to do. Teams produce outcomes for which members have collective responsibility and reap some form of collective reward. Second, team members are interdependent regarding some common goal. Interdependence is the hallmark of teamwork. Interdependence means that team members cannot achieve their goals single-handedly, but instead, must rely on each other to meet shared objectives. There are several kinds of interdependencies, as team members must rely on others for information, expertise, resources, and so on. Third, teams are bounded and remain relatively stable over time. Boundedness means the team has an identifiable membership; members, as well as nonmembers, know who is on the team. Stability refers to the tenure of membership. Most teams work together for a meaningful length of time—long enough to accomplish

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EXHIBIT 1–1  Five Key Characteristics of Teams

- Teams exist to achieve a shared goal.
- Team members are interdependent regarding some common goal.
- Teams are bounded and stable over time.
- Team members have the authority to manage their own work and internal processes.
- Teams operate in a social system context.


their goal. Fourth, team members have the authority to manage their own work and internal processes. We focus on teams in which individual members can, to some extent, determine how their work gets done. Thus, although a prison chain gang may be a team in some sense, the prisoners have little authority in terms of managing their own work. Finally, teams operate in a larger social system context. Teams are not islands unto themselves. They do their work in a larger organization, often alongside other teams. Furthermore, teams often need to draw upon resources from outside the team and vice versa—something we discuss in Part III of this book.

A working group, by contrast, consists of people who learn from one another and share ideas but are not interdependent in an important fashion and are not working toward a shared goal. Working groups share information, perspectives, and insights, make decisions, and help people do their jobs better, but the focus is on individual goals and accountability. For example, consider a group of researchers who meet each month to discuss their new ideas.

**WHY SHOULD ORGANIZATIONS HAVE TEAMS?**

Teams and teamwork are not novel concepts. In fact, teams and team thinking have been around for years at companies such as Procter & Gamble and Boeing. In the 1980s, the manufacturing and auto industries strongly embraced a new, team-oriented approach when U.S. firms retooled to compete with Japanese companies that were quickly gaining market share. During collaboration on the B-2 stealth bomber between the U.S. Air Force, Northrop, and 4,000 subcontractors and suppliers in the early 1980s, teams were employed to handle different parts of the project. “As new developments occurred or new problems were encountered during the program, the Air Force/Northrop team formed ad hoc teams made up of [their] own experts and specialists from other companies and scientific institutions.”

Managers discovered the large body of research indicating that teams can be more effective than the traditional corporate hierarchical structure for making decisions quickly and efficiently. Even simple changes such as encouraging input and feedback from workers on the line can make a dramatic improvement. For instance, quality control (QC) circles and employee involvement groups are often vehicles for employee participation. It is a mark of these programs’ success that this kind of thinking is considered conventional wisdom nowadays. But, although these QC teams were worthy efforts at fostering the use of teams in organizations, the teams needed for the restructuring and reengineering processes of the future may be quite different. This point is brought home even more clearly in light of research findings that 50–70 percent of all teams and team-based initiatives fail to produce the desired results.

At least four challenges suggest that building and maintaining effective teams is of paramount importance.

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Customer Service Focus

The first challenge has to do with customer service. Businesses and companies all over the world have moved from a transactional, economic view of customers and clients to a relational view of customers. Transactional models of teamwork are characterized by discrete exchanges, are short-term in nature, and contain little interaction between the customer and the vendor. In contrast, relational models of teamwork occur over time, are more intense, and are built upon a relationship between the people involved. There is good reason to care about the customer from a relational point of view given that 85 percent of customers who stop buying from a company do so because they believe the company does not care about them or their business. Moreover, acquiring new customers costs five to 10 times more than keeping existing customers happy. To the extent that teams are positioned to care about the customer from a relational perspective, this can add tremendous value for the organization. For example, a company’s profits can increase by as much as 85 percent if it can reduce the percentage of customers who stop buying by as little as 5 percent.

Competition

The second challenge has to do with competition. A few large companies often emerge as the dominant players in the biggest markets. These industry leaders often enjoy vast economies of scale and earn tremendous profits. The losers are often left with little in the way of a market—let alone a marketable product. Think, for example, of Microsoft’s Windows operating system and Office Products’ market share dominance. The division that develops the Office Products software—which includes Word, Excel, PowerPoint, Outlook, and Access—employs thousands of people. Those products share a lot of code, and so teamwork is critical to coordinate the activities of the various component groups that make up the Office Products Division. With so much at stake, companies aggressively compete in a winner-take-all battle for market share. Thus, bringing out the best in teams within the company has become even more important. This means that people can be expected to specialize more and more in their areas of expertise, and these areas of expertise will get ever more narrow and interdependent. Both companies and people have to increasingly rely on others to get access to their expertise. This is the core structure of a team-based approach to work.

Information Age

A third factor is the emergence of the information age. In the knowledge era, employees are knowledge workers and teams are knowledge integrators. Information technology is the catalyst for the knowledge economy. For example, people at MySQL match the technology to the task. MySQL, a $40 million software maker, employs 320 workers in 25 countries, 70 percent of whom work from home. “When a company is as spread out as this one,” director of support Thomas Basil explains, “you have to think of virtual ways to imitate the dynamics of what goes on in a more familiar employment situation.” Basil developed guidelines for the company’s online conduct. The company uses Internet Relay Chat (IRC), which acts as a companywide chat room; Skype to make free voice calls; and so on.

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calls over the Internet; Radio Sakila, which combines a typical conference call with instant messaging so that employees can get their questions addressed; and Worklog software for checking off tasks as they are finished. Not only can colleagues see how often others use tech-support mailing lists, conference calls, or IRC chats, but users’ and customers’ contributions also are monitored. Shawn Green from Tennessee was discovered and hired from a customer IRC channel where he was active. Oleksandr Byelkin from Ukraine was hired without ever having spoken to anybody at MySQL.\(^\text{10}\)

The role of managers has shifted accordingly; they are no longer primarily responsible for gathering information from employees working below them in the organizational hierarchy and then making command decisions based on this information. Their new role is to identify the key resources that will best implement the team’s objectives and then to facilitate the coordination of those resources for the company’s purposes.

The jobs of the team members have also changed significantly. This can be viewed as a threat or a challenge. Millions of jobs have been altered dramatically or have disappeared since the advent of computers. For example, in 2005, 22.2 million Americans worked from home or another out-of-office location at least one day per week.\(^\text{11}\) Decisions may now be made far from their traditional location; indeed, sometimes they are even made by contractors, who are not employees of the company. This dramatic change in structure requires an equally dramatic reappraisal of how companies structure the work environment.

**Globalization**

The fourth challenge is *globalization*. An increasingly global and fast-paced economy requires people with specialized expertise, yet the specialists within a company need to work together. As acquisitions, restructurings, outsourcing, and other structural changes take place, the need for coordination becomes all the more salient. Changes in corporate structure and increases in specialization imply that there will be new boundaries among the members of an organization. Boundaries both separate and link teams within an organization, although the boundaries are not always obvious.\(^\text{12}\) These new relationships require team members to learn how to work with others to achieve their goals. Team members must integrate through coordination and synchronization with suppliers, managers, peers, and customers. Teams of people are required to work with one another and rarely (and, in some cases, never) interact in a face-to-face fashion. With the ever-improving ability to communicate with others anywhere on the planet (and beyond!), people and resources that were once remote can now be reached quickly, easily, and inexpensively. This has facilitated the development of the virtual team—groups linked by technology so effectively that it is as if they were in the same building. Technology also gives managers options they never had before, in terms of which resources they choose to employ on any particular project. Furthermore, cultural differences, both profound and nuanced, can threaten the ability of teams to accomplish shared objectives.

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\(^{11}\)Annual survey shows Americans are working from many different locations outside their employer’s office. (2005, October 4). ITAC press release from Dieringer Research Group’s 2004–2005 American Interactive Consumer Survey.

8 PART I The Basics of Teamwork

TYPES OF TEAMS IN ORGANIZATIONS

Organizations have come to rely on team-based arrangements to improve quality, productivity, customer service, and the experience of work for their employees. Yet not all teams are alike. Teams differ greatly in their degree of autonomy and control vis-à-vis the organization. Specifically, how is authority distributed in the organization? Who has responsibility for the routine monitoring and management of group performance processes? Who has responsibility for creating and fine-tuning the design of the group? Consider the four levels of control depicted in Exhibit 1–2.

EXHIBIT 1–2 Authority of Four Illustrative Types of Work Teams


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Manager-Led Teams

The most traditional type of team is the **manager-led team**. In the manager-led team, the manager acts as the team leader and is responsible for defining the goals, methods, and functioning of the team. The team itself is responsible only for the actual execution of their assigned work. Management is responsible for monitoring and managing performance processes, overseeing design, selecting members, and interfacing with the organization. Examples of manager-led work teams include automobile assembly teams, surgery teams, sports teams, and military teams. A manager-led team typically has a dedicated, full-time, higher-ranking supervisor, as in a coal-mining crew.

Manager-led teams provide the greatest amount of control over team members and the work they perform; they allow the leader to have control over the process and products of the team. In addition, they can be efficient, in the sense that the manager does the work of setting the goals and outlining the work to be done. In manager-led teams, managers don’t have to passively observe the team make the same mistakes they did. Manager-led teams also have relatively low start-up costs. However, there can be some key disadvantages, such as diffusion of responsibility and conformity to the leader. In short, members have less autonomy and empowerment. Manager-led teams may be ideally suited for simple tasks in which there is a clear overriding goal, such as task forces or fact-finding teams. Other examples include military squads, flight crews, and stage crews.

Self-Managing Teams

In **self-managing** or **self-regulating teams**, a manager or leader determines the overall purpose or goal of the team, but the team is at liberty to manage the methods by which to achieve that goal. Self-managed teams are increasingly common in organizations. Examples include executive search committees and managerial task forces. Self-managing teams improve productivity, quality, savings, and employee morale, as well as contribute to reductions in absenteeism and turnover. These benefits have been observed in both manufacturing and service settings.

Wageman studied 43 self-managing teams in the Xerox service organization. According to Wageman, seven defining features emerged in the superbly performing teams but not in the ineffective teams, including: clear direction, a team task, rewards, material resources, authority to manage their work, goals, and strategic norms (see Exhibit 1–3).

Another example of a self-managing team is Microsoft Project. Team leader Chris Capossela reflects on his transition from manager-led to self-managing teams, “You know the guy who comes into your office with a crappy project schedule and says, ‘This is the way the project is going to run’? That guy used to be me.” After encountering resistance from the team members, Capossela decided to give team members more of a say in the process by mapping out a rough calendar for his project team, but he resisted putting in all the details. He sent the rough draft to the

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## EXHIBIT 1–3 Critical Success Factors for Self-Managing Teams

1. **Clear direction**  
   * Can team members articulate a clear direction, shared by all members, of the basic purpose that the team exists to achieve?

2. **A real team task**  
   * Is the team assigned collective responsibility for all the team’s customers and major outputs?  
   * Is the team required to make collective decisions about work strategies (rather than leaving it to individuals)?  
   * Are members cross-trained, able to help each other?  
   * Does the team get team-level data and feedback about its performance?  
   * Is the team required to meet frequently and does it do so?

3. **Team rewards**  
   * Counting all reward dollars available, are more than 80 percent available to teams only and not to individuals?

4. **Basic material resources**  
   * Does the team have its own meeting space?  
   * Can the team easily get basic materials needed for work?

5. **Authority to manage the work**  
   * Does the team have the authority to decide the following (without first receiving special authority):  
     — How to meet client demands  
     — Which actions to take and when  
     — Whether to change their work strategies when they deem necessary

6. **Team goals**  
   * Can the team articulate specific goals?  
   * Do these goals stretch their performance?  
   * Have they specified a time by which they intend to accomplish these goals?

7. **Strategy norms**  
   * Do team members encourage each other to detect problems without the leader’s intervention?  
   * Do members openly discuss differences in what members have to contribute to the team?  
   * Do members encourage experimentation with new ways of operating?  
   * Does the team actively seek to learn from other teams?


Team members who would be doing the work. Then, instead of insisting that the team route its e-mail comments and suggestions back to him, Capossela had the team’s feedback entered into a central project database that was then used to fill out the project plan automatically.\(^{17}\)

Self-managing teams build commitment, offer increased autonomy, and often enhance morale. The disadvantage is that the manager has much less control over the

\(^{17}\)Ibid., pp. 46–48.
process and products, making it difficult to assess progress. Self-managing teams can also be more time-consuming.

Self-Directing Teams

Self-directing or self-designing teams determine their own objectives and the methods by which to achieve them. Management has responsibility only for the team’s organizational context. Self-directed teams offer the most potential for innovation, enhance goal commitment and motivation, and provide opportunity for organizational learning and change. However, self-directed or self-designing teams are extremely time-consuming, have the greatest potential for conflict, and can be very costly to build. (For a step-by-step guide to setting up self-designing teams, see “Self-Directed Work Teams: The New American Challenge”.) Furthermore, it can be extremely difficult to monitor their progress. Other disadvantages include marginalization of the team and lack of team legitimacy. However, self-directed teams are often capable of great accomplishments (see Exhibit 1–4 for an example).

Self-designing teams may be ideally suited for complex, ill-defined, or ambiguous problems and next-generation planning. Some companies have “free time” policies that allow employees to pursue novel projects they feel passionate about. Biotechnology company Genentech and 3M have done it for years—Genentech calls it “discretionary time” and its limits are not set, and at 3M the practice is called the

EXHIBIT 1–4 An Example of a Self-Directing Team

It’s Wednesday evening at Carnegie Hall. The air is charged with the excitement generated when people know that they are about to experience an event that will stimulate their senses and challenge their minds. As the Orpheus Chamber Orchestra takes the stage to warm applause, the musicians exude confidence. There’s something different about this orchestra: There is no conductor. Founded in 1972 by cellist Julian Fifer, Orpheus gives every person great power to direct great music. Orpheus is designed to rely on the skills, abilities, and passionate commitment of the members, rather than on the monolithic leadership of a conductor. The decision to give power to the musicians—a radical innovation in the orchestra world—required a structural model that was fundamentally different from the rigid command-and-control hierarchy universally employed by traditional orchestras. The original members of Orpheus found their inspiration in chamber music, a world grounded in democratic values, where small ensembles (generally fewer than 10 musicians) function as self-directing teams, and where power, responsibility, leadership, and motivation rest entirely with the team.


“15 percent rule” and it dates back to the 1920s. 3M also awards “Genesis” grants to encourage researchers for projects of their own design. All Google employees have “20 percent time” for their projects. These companies have codified a degree of employee freedom. Genentech and Google employees are expected to get approval for their projects from managers, but 3M researchers have more freedom. University of Michigan professor Theresa Welbourne argues that usually companies only talk about unleashing workers’ talents, but few have encouraged workers to devote time and energy to creative projects. At Google, these independent projects led to the Gmail electronic mail service, the Google News service, and social networking site, Orkut. Robert Fulmer, visiting professor at Pepperdine University, emphasizes, “It’s a way to get people to go beyond what’s expected of them.”

At the GE/Durham plant that assembles engines for the Boeing 777, there are nine teams, each with only one directive: They are told the date by which their next engine must be loaded. Self-directing teams decide who does which work; they schedule training, vacations, and overtime, and they monitor their own performance issues, such as lack of productivity or lack of work ethic. However, this is seldom a problem. Even though there are no incentives other than promotion on the basis of skills, technicians are motivated by the work itself, the drive for perfection, and pride in supplying one of the highest-thrust engines in the industry. The leader of these teams is responsible for listening, informing, and focusing on costs.

Self-Governing Teams

Self-governing teams and boards of directors are usually responsible for executing a task, managing their own performance processes, designing the group, and designing the organizational context. They are the extreme in terms of control and responsibility. In many companies, the president or chief operating officer has been replaced with an executive, self-governing team. Examples of this approach include Cano Petroleum and McKinley Marketing Partners, which replaced one person with three-person teams.

In certain cases, companies want to set up a self-governing (autonomous) team to investigate serious problems such as the sexual harassment case at Toyota. The way the military has handled problems with sexual harassment stands in sharp contrast, not only in terms of the kinds of teams set up to examine the problems, but also in terms of the results they have achieved. In other cases, these kinds of teams could be disastrous, such as a committee composed of boards of directors—employees could be intimidated by the authority of these individuals and, therefore, unwilling or unable to provide a critical perspective on the status quo.

There are trade-offs involved with each of these four types of teams. Self-governing and self-directed teams provide the greatest potential in terms of commitment and participation, but they are also at the greatest risk of misdirection. When decisions are

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pushed down in organizations, team goals and interests may be at odds with organizational interests. Unless everyone in the organization is aware of the company’s interests and goals, poor decisions (often with the best of intentions) may be made. An organization that chooses a manager-led group is betting that a manager can run things more effectively than a team can. If it is believed that the team can do the job better, a self-governing or self-designing team may be appropriate. One implication of this is that the manager’s traditional role as a collector of information is less and less important. If shared control over the performance situation and processes is preferred, a self-managing group is chosen.

**SOME OBSERVATIONS ABOUT TEAMS AND TEAMWORK**

There is a lot of folklore and unfounded intuition when it comes to teams and teamwork. We want to set the record straight by exposing some of the observations that managers find most useful. This is not an exhaustive list, obviously, but we believe the factors on this list have the most value for leaders when it comes to understanding how teams perform, change, and grow.

**Teams Are Not Always the Answer**

When companies are in trouble, they often restructure into teams. However, organizing people into teams does not solve problems; if not done thoughtfully, this may even cause more problems. For every case of team success, there is an equally compelling case of team failure. Teams can outperform the best member of the group, but there are no guarantees. Admitting the inefficiency of teams is hard, especially when most of us would like to believe the Gestalt principle that the whole is greater than the sum of its parts! Teams can suffer from many drawbacks, such as too much emphasis on harmony or individualism, which causes a feeling of powerlessness and creates discord. Teams are not a panacea for organizations; they often fail and are frequently overused or poorly designed. In the best circumstances, teams provide insight, creativity, and cross-fertilization of knowledge in a way that a person working independently cannot. In the wrong circumstances, teamwork can lead to confusion, delay, and poor decision making.

**Managers Fault the Wrong Causes for Team Failure**

Imagine yourself in the following situation: The wonderful team that you put together last year has collapsed into lethargy. The new product line is not forthcoming, conflict has erupted, and there is high turnover. What has gone wrong? If you are like most managers, you place the blame on one of two things: (1) external, uncontrollable forces (e.g., a bad economy) or (2) the people on the team (e.g., difficult personalities). Conveniently for the manager, both of these problems do not directly implicate poor leadership. However, according to most research investigations, neither of these causes is the actual culprit. Most team problems are not explained by external problems or personality problems. According to Charan and Useem, most companies fail for one simple reason: managerial error.25

The misattribution error is the tendency for managers to attribute the causes of team failure to forces beyond their personal control. Leaders may blame individual team members, the lack of resources, or a competitive environment. When the leader points to a problem team member, the team’s problems can be neatly and clearly understood as emanating from one source. This protects the leader’s ego (and in some cases the manager’s job), but it stifles learning and destroys morale. It is more likely that the team’s poor performance is due to a structural, rather than personal, cause. Furthermore, it is likely that several things, not just one, are at work.

Managers Fail to Recognize Their Team-Building Responsibilities

Many new managers conceive of their role as building the most effective relationships they can with each individual subordinate; they erroneously equate managing their team with managing the individual people on the team. These managers rarely rely on group-based forums for problem solving and diagnosis. Instead, they spend their time in one-on-one meetings. Teamwork is expected to be a natural consequence. As a result, many decisions are based upon limited information, and decision outcomes can backfire in unexpected and negative ways. One of the ways to improve is exercises for building teamwork skills. The Construction Financial Management Association in Princeton, New Jersey, which represents 7,000 financial professionals, has held annual retreats for new chapter presidents in Jackson Hole, Wyoming, since 1995. The association’s chief executive, William Schwab, stated that 27 chapter presidents who attended 4 out of 6 years had a net annual membership growth rate of more than 10 percent and a membership renewal rate of 81 percent (the average renewal rate for associations being 75 percent), but 34 chapter presidents who never attended had a 19 percent membership loss. Mr. Schwab said, “Without a doubt, we’ve been able to map our chapters’ development based on whether or not the chapter president went through this experience.”

Experimenting with Failures Leads to Better Teams

It may seem ironic, but one of the most effective ways to learn is to experience failure. Evidence of this is provided by the letdown that followed the attempt of Intuit Inc. of Mountain View, California, to target young tax filers by combining tax-filing with hip-hop style. Using a specifically designed Web site, RockYourRefund.com, Intuit offered discounts to Expedia Inc. and Best Buy Co. as well as depositing tax refunds into prepaid Visa cards that were issued by hip-hop mogul Russell Simmons. This attempt generated very few returns. The campaign team learned that young people don’t visit advertising look-a-like Web sites, and later the team received an award from chairman Scott Cook, who said, “It’s only a failure if we fail to get the learning”. Even more, Intuit started sessions that focused on learning from failures. A failed team effort should be viewed as a critical source of information from which to learn. The problem is that failure is hard to embrace: Our defense systems go into overdrive at the inkling that something we do is not above average. The true mark of a valued team member is a willingness to learn from mistakes. However, this learning can come only when people take personal responsibility for their actions.


The truth is that teams have a flatter learning curve than do most individuals; it takes teams longer to “get on their feet.” However, teams have greater potential than do individuals. We discuss this further in Chapter 2.

**Conflict among Team Members Is Not Always a Bad Thing**

Many leaders naively boast that their teams are successful because they never have conflict. However, it is a fallacy to believe that conflict is detrimental to effective teamwork. In fact, conflict may be necessary for effective decision making in teams. Conflict among team members can foment accuracy, insight, understanding, trust, and innovation.

**Strong Leadership Is Not Always Necessary for Strong Teams**

A common myth is that to function effectively, teams need a strong, powerful, and charismatic leader. In general, leaders who control all the details, manage all the key relationships in the team, have all the good ideas, and use the team to execute their “vision” are usually overworked and underproductive. Teams with strong leaders sometimes succumb to flawed and disastrous decision making.

As we discuss in Chapter 11, a leader has two main functions: a design function, meaning that the leader structures the team environment (working conditions, access to information, incentives, training, and education), and a coaching function, meaning that the leader has direct interaction with the team.

**Good Teams Can Still Fail under the Wrong Circumstances**

Teams are often depicted as mavericks: bucking authority, striking out on their own, and asking for permission only after the fact. Such cases do occur, but they are rare and tend to be one-shot successes. Most managers want consistently successful teams. This is particularly important in industries where considerable training is required for team members.

To be successful in the long run, teams need ongoing resources and support. By resources, we mean more than just money. Teams need information and education. In too many cases, teams tackle a problem that has already been solved by someone else in the company, but a lack of communication prevents this critical knowledge from reaching the current task force.

To lay the best groundwork for teams, it is important to consider the goals and resources of the team: Are the team’s goals well defined? Does everyone know them? Are the goals consistent with the objectives of other members of the organization? If not, how will the inevitable conflict be managed? Does everyone on the team have access to the resources necessary to successfully achieve the goal? Is the organizational hierarchy designed to give team members access to these resources efficiently? If not, it might be necessary to reconsider the governance structure within which the team must operate. What are the rights of the team members in pursuing their duties, who can they contact, and what information can they command? It is also important to assess the incentive structure existing for team members and for those outside the team with whom team members must interact. Does everyone have the right incentives (to do the things they are supposed to do)? Are team members’

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incentives aligned with those of the group and the organization, for instance, to cooperate with one another and to fully share information and resources? There is no cookie-cutter solution to team structure. For instance, it may be appropriate for team members to compete with one another (in which case, cooperation may not be an achievable feature of the group dynamic). Choosing the structure of the group and the incentives that motivate the individuals inside it are essential factors contributing to the success of any team.

**Retreats Will Not Fix All the Conflicts between Team Members**

Teams often get into trouble. Members may fight, slack off, or simply be unable to keep up with their responsibilities, potentially resulting in angry or dissatisfied customers. When conflict arises, people search for a solution to the team problem. A common strategy is to have a “team-building retreat,” “corporate love-in,” or “ropes and boulders course” where team members try to address underlying concerns and build trust by engaging in activities—like rock climbing—that are not part of what they ordinarily do as a team. Perhaps this is why one review of the Fish! Movement, posted on Amazon.com, says of such retreats, “What's sad is that companies actually think that throwing fish around is something that should be done. [The company] I worked for had a fish throw...an actual afternoon dedicated to throwing dead fish at each other. . . . I was burned out on the philosophy after two days of training and I voluntarily left the company two months after being hired.”

A team retreat is a popular way for team members to build mutual trust and commitment. A retreat may involve team members spending a weekend camping and engaging in cooperative, shared, structured activities. This usually results in a good time had by all. However, unless retreats address the structural and design problems that plague the team day to day in the work environment, they may fail. Design problems are best addressed by examining the team in its own environment while team members are engaged in actual work. For this reason, it is important to take a more comprehensive approach to analyzing team problems. Retreats are often insufficient because they encourage managers to attribute team failures to interpersonal dynamics, rather than examining and changing deeper, more systemic issues.

**WHAT LEADERS TELL US ABOUT THEIR TEAMS**

To gain a more accurate picture of the challenges leaders face in their organizations when designing, leading, and motivating teams, we conducted a survey, spanning 10 years, of 800 executives and managers from a variety of industries. Here are some highlights of what they told us.

**Most Common Type of Team**

The most common teams are cross-functional project groups, followed by service, operations, and marketing teams (see also “The Discipline of Teams” by Katzenbach

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31 Survey results of the responses from executives in attendance at the Kellogg Leading High Impact Teams program, 1997–2007.
and Smith32). Cross-functional teams epitomize the challenges outlined earlier in this chapter. They represent the greatest potential, in terms of integrating talent, skills, and ideas, but because of their diversity of training and responsibility, they provide fertile ground for conflict.

**Team Size**

Team size varies dramatically, from 2 to 80 members, with an average of 11.72. However, the modal team size is 5. These numbers can be compared with the optimum team size. As we discuss later in the book, teams should generally have fewer than 10 members—more like 5 or 6.

**Team Autonomy versus Manager Control**

Most of the managers in our survey were in self-managing teams, followed by manager-led teams, with self-directing teams distinctly less common (see Exhibit 1–5). There is an inevitable tension between the degree of manager control in a team and the ability of team members to guide and manage their own actions. Manager-led teams provide more control, but less innovation than stems from autonomy. We do not suggest that all teams should be self-directing. Rather, it is important to understand the trade-offs and what is required for each type of team to function effectively.

**Team Longevity**

Teams vary a great deal in terms of how long they have been in existence. On average, teams had been in existence for one to two years (see Exhibit 1–6).

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The Most Frustrating Aspect of Teamwork

Managers considered several possible sources of frustration in managing teams. The most frequently cited cause of frustration and challenge in teams was developing and sustaining high motivation, followed by minimizing confusion and coordination problems (see Exhibit 1–7). We discuss issues of motivation in Chapter 2, as well as in a special chapter that focuses on team compensation and incentives (Chapter 3). We look at conflict (and ways to effectively manage it within a team) in Chapter 8 and address creativity in Chapter 9.

EXHIBIT 1–6 Team Longevity


EXHIBIT 1–7 The Most Frustrating Aspects of Teamwork

Not surprisingly, among the skills on the most-wanted list for managerial education are developing and sustaining high motivation, developing clear goals, fostering creativity and innovation, training, and minimizing confusion and coordination problems. Consequently, we designed this book to prepare managers and reeducate executives in how to effectively deal with each of these concerns.

DEVELOPING YOUR TEAM-BUILDING SKILLS

This book focuses on three skills: accurate diagnosis of team problems, theory-based intervention, and expert learning.

**Skill 1: Accurate Diagnosis of Team Problems**

One of the biggest shortcomings of managerial effectiveness is an inability to accurately diagnose situations; for instance, is a team performing well or poorly? It is very rare to identify a simple, obvious measure of team functioning because effectiveness is hard to define. For example, perhaps your organization beat the competition in winning a large contract, but the contract was ultimately not very profitable. Was this a victory or a failure? What will be the implications for future competition?

Many people make the mistake of looking for causes after they find effects. In the scientific literature, this is known as **sampling on the dependent variable**. For example, if your goal is to identify the determinants of a successful team, it may appear useful to look for effective teams in your organization and then try to determine what is common among them. This sounds logical, until you realize that there may be many common factors that have nothing to do with making a team successful, like the fact that everyone wears clothes! Or there may be common features that interfere with good teamwork, but are nonetheless difficult to detect—perhaps precisely because they are common to all the teams, successful or not. One important example of this is the institutional background of the company, for example, taking certain established practices for granted, such as operating procedures, information sources, and even contractual relationships. In this case, the team may be effective, but not as effective as it might otherwise be. A more serious problem is that a manager who is also entrenched in the institutional framework of the company may perceive a team as effective, while overlooking its shortcomings. Thus, it is essential to be as independent and critical as possible when analyzing team effectiveness.

How do you avoid the trap of sampling on the dependent variable? From a methodological point of view, you can do one of two things: (1) identify a pre-existing baseline or control group—that is, a comparison group (in this case, unsuccessful teams)—and look for differences between the two; or (2) do an experiment in which you provide different information, education, communication, and so on to one group (randomly assigned) but not the other. Then look for differences. Unfortunately, most executives do not have the time or resources to do either of these things. This book provides insights based upon research that has done these things before drawing conclusions. However, nothing can substitute for a thoughtful understanding of the environment in which the team operates, the incentives facing team members, and so on. We discuss these factors throughout this book.
Another problem is called **hindsight bias**, or the “I knew it all along” fallacy. This is the tendency to believe that something seems obvious, even inevitable, after you learn about it when you have not predicted (or cannot predict) what will happen. This can result in an unfortunate form of overconfidence: Managers think they know everything, when in fact they don’t. We often see managers engage in post hoc justification rather than careful reasoning. The best way to avoid this trap is to read actively to learn about other possibilities, critically examine your assumptions, and be open to a change of mind once you have the facts. As you read this book, some things will surprise you, but much will seem obvious. As a general principle, do not rely on your intuition; rather, test your assumptions.

**Skill 2: Theory-Based Intervention**

“There is nothing as practical as a good theory.” Once a problem or area of improvement has been identified, a manager still needs to deal effectively with it. This involves identifying reasons and remedies, such as finding ways to change the motivational structure of the task, the composition of the group, and so on. Mechanisms for transferring information from those who have it to those who need it must be developed, as well as a means to manage power, politics, and conflict involving the group. All this is much easier said than done, of course. For every managerial problem, there are a dozen purported solutions and quick fixes. How can a manager knowledgeably choose among them?

The interventions presented in this book have a key quality going for them: They are all theory based and empirically sound. This means that they are not based on naive, intuitive perceptions; rather, they have been scientifically examined. This book was written to provide managers with up-to-date, scientifically based information about how best to manage their teams.

**Skill 3: Expert Learning**

Effective managers make mistakes, but they don’t make the same mistakes twice. Expert learning involves the ability to continually learn from experience. One of the great fallacies about learning is that people reach a point where they have acquired all the knowledge they need; in contrast, great leaders are always learning. In this book, we use a model that we call **expert learning** to refer to how managers can continually benefit, even from the most mundane experiences. Consider Chris Argyris’s distinction between single-loop versus double-loop learning. According to Argyris, **single-loop learning** is learning that is primarily one-dimensional. For example, a leader may believe that she has nothing to learn from a subordinate but that the subordinate can learn from her. Therefore, the interactions between the leader and the subordinate will be primarily one-directional, or single-loop. In contrast, Argyris argues that effective leaders engage in **double-loop learning** processes, which involve a reciprocal interchange between leaders and teams. This means, of course, that leaders not only coach and direct and instruct their teams, but that teams also help their leaders learn.

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Another important aspect of learning is the use of examples to illustrate and convey concepts. Experiential and example-based learning is more effective than didactic (lecture-based) learning. An important key to whether knowledge is actually used or remains inert is what Whitehead, over 70 years ago, called the inert knowledge problem. The key to unlocking the pervasive inert knowledge problem lies in how the manager processes the information, and when managers link examples to concepts, they learn better. Thus, in this book, we attempt to provide several ways of looking at the same problem via a combination of theory, research, and real business practices.

A WARNING

We believe that teamwork, like other interdependent social behaviors, is best perfected in an active, experimental, and dynamic environment. Thus, to fully benefit from this book, it is necessary for you to actively engage in teamwork and examine your own behavior. It may seem somewhat heretical to make the point in a textbook that team-building skills cannot be learned exclusively from a textbook, but we do so anyway.

We strongly urge you to work through the models and ideas presented here in the context of your own experience. We can think of no better way to do this than in a classroom setting that offers the opportunity for online, applied, experiential learning. It is easy to watch, analyze, and critique other teams, but much more challenging to engage in effective team behavior yourself. We hope that what you gain from this book, and the work you do on your own through team-building exercises, is the knowledge of how to be an effective team member, team leader, and team designer. In the long run, we hope this book will help you in developing your own experience, expertise, and models of how you can best function with teams.

CONCLUSION

There is no fool-proof scientific formula for designing and maintaining an effective team. If there were, it would have been discovered by now. In some ways, a team is like the human body: No one knows the exact regimen for staying healthy over time. However, we have some very good information about the benefits of a lean diet, exercise, stress reduction, wellness maintenance, and early detection of disease. The same goes for teamwork. Just as we rely on science to cure disease and to advance health, this book takes an unabashedly scientific approach to the study and improvement of teamwork in organizations. There is a lot of misperception about teams and teamwork. Intuition and luck can only take us so far; in fact, if misapplied, they may get us into trouble. In the next chapter, we undertake a performance analysis of teamwork, asking these questions: How do we know a healthy and productive team when we see it? What are the biggest “killers” and “diseases” of teams? And, more important, what do we need to do to keep a team functioning effectively over time? In Chapter 3, we deal with the question of incentives and rewards for good teamwork. Part II focuses on internal team dynamics, and Part III focuses on the bigger picture—the team in the organization.

