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# Making the Team

## *A Guide for Managers*

FIFTH EDITION

Leigh L. Thompson

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# MAKING THE TEAM: A GUIDE FOR MANAGERS

Leigh L. Thompson

*Kellogg School of Management*

*Northwestern University*

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## **Contributors**

Melissa Riess, Writer

Brian Scheirer, Writer

Samprit Chakrabarti, Amity Global Business School, Kolkata

## **Reviewers**

Bhavani Ravi, Consultant

Anisha Sharma, Research Scholar

Chi-Ying Cheng, Singapore Management University

Nilanjana Sinha, NSHM, Kolkata

Anushia Chelvarayan, Multimedia University

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# PREFACE

When I wrote *Making the Team* in 2000, my intent was to introduce leaders, managers, and executives to practical research on groups and teams. This enterprise required an integration of theory, research, and application. Five professors—Jeanne Brett, Tanya Menon, Keith Murnighan, Mark Rittenberg, and I—offer a 3-day course for executives in team leadership at the Kellogg School of Management at Northwestern University. Moreover, Kellogg offers a full-term course on teamwork to our MBA students. This book is dedicated to the students of Kellogg’s executive program and MBA program.

*Making the Team* has two audiences: leaders and team members. For the leader, the book directs itself toward how teams can be designed to function optimally; for the team members, the book focuses on the skills necessary to be a productive team member.

Since the publication of the first four editions, many advances have occurred in team and group research. Every chapter has new information, new research, updated examples, and more. Specifically, I have made the following major changes to the fifth edition of *Making the Team*:

- 1. Important topics and theories:** The majority of chapters contain new theories, research, and topics, such as intergenerational team issues (in Chapter 1), decision fatigue (in Chapter 7), work–family conflict (in Chapter 8), incremental versus entity theory of leadership (in Chapter 11), moral decision making (Chapter 7), and an expanded discussion of virtual teams (in Chapter 13).
- 2. New, updated research:** True to the book’s defining characteristic—providing managers with the most up-to-date research in a digestible fashion—I have included the latest research on teamwork and group behavior, thus keeping the book up-to-date and true to its strong research focus and theory-driven approach.
- 3. Surveys of managers and executives:** The updated research also reports on the survey of executives that we have conducted at Kellogg for the past 17 years. The survey in the first edition reported the responses of 149 managers and executives; the fifth edition has a database of more than 1,200 team managers.
- 4. New research studies:** More than 180 new research studies have been cited.
- 5. More case studies:** I have included more examples and illustrations of effective (as well as ineffective) teamwork. More than 150 new case studies and examples of actual company teams have been added. And, each chapter has a new, updated opening example.
- 6. Illustrations and examples:** Many of the concepts and techniques in the chapters are supplemented with illustrations and examples from real teams, both contemporary and historical. I do not use these examples to prove a theory; rather, I use them to illustrate how many of the concepts in the book are borne out in real-world situations.

**New exercises, cases, and supplemental material:** The supplemental material and teaching support materials have been greatly improved so as to complement the text. This allows students to have a more integrated experience inside and outside of the classroom. The book strongly advocates experientially based teaching, and the instructor now has even more options for making the concepts come alive in the classroom. All of the supplements are available on [www.pearsonglableditions.com](http://www.pearsonglableditions.com). Contact your Pearson Sales Representative to be assigned your user name and password.



In addition to the changes discussed, which affect all chapters and sections of the book, several chapters have undergone updates as new theory and research have broken ground and as our world has been shaped by numerous events. The revision was sparked not only by advances—as well as calamities—in the corporate world but also, even more so, by the great scientific research on teamwork that my colleagues have relentlessly contributed to the field of management science in the years since the first edition was published.

One of the reasons why I love this field is that there are so many wonderful people with whom to collaborate. The following people have had a major impact on my thinking and have brought joy and meaning to the word collaboration: Cameron Anderson, Linda Babcock, Max Bazerman, Terry Boles, Jeanne Brett, Susan Brodt, John Carroll, Hoon-Seok Choi, Taya Cohen, Jennifer Crocker, Susan Crotty, Hal Ersner-Hershfield, Gary Fine, Craig Fox, Adam Galinsky, Wendi Gardner, Dedre Gentner, Robert Gibbons, Kevin Gibson, James Gillespie, Rich Gonzalez, Deborah Gruenfeld, Brian Gunia, Erika Hall, Reid Hastie, Andy Hoffman, Elizabeth Seeley Howard, Molly Kern, Peter Kim, Shirli Kopelman, Rod Kramer, Laura Kray, Terri Kurtzberg, Sujin Lee, Geoffrey Leonardelli, John Levine, Allan Lind, George Loewenstein, Jeff Loewenstein, Bob Lount, Denise Lewin Loyd, Brian Lucas, Beta Mannix, Kathleen McGinn, Vicki Medvec, Tanya Menon, Dave Messick, Terry Mitchell, Don Moore, Michael Morris, Keith Murnighan, Janice Nadler, Maggie Neale, Erika Petersen, Kathy Phillips, Jason Pierce, Robin Pinkley, Jo-Ellen Pozner, Mark Rittenberg, Ashleigh Rosette, Ken Savitsky, Vanessa Seiden, Marwan Sinaceur, Ned Smith, Harris Sondak, Tom Tyler, Leaf Van Boven, Kimberly Wade-Benzoni, Cindy Wang, Juinwen Wang, Laurie Weingart, Judith White, and Elizabeth Ruth Wilson.

The revision of this book would not have been possible without the dedication, organization, and creativity of Joel Erickson, Larissa Tripp, and most especially Ellen Hampton, who created the layout, organized the information, edited the hundreds of drafts, mastered the figures, organized the permissions for the exhibits in each chapter, and researched many of the case studies for this book.

In the book, I talk quite a bit about the “power of the situation” and how strongly the environment shapes behavior. The Kellogg School of Management is one of the most supportive, dynamic environments that I have ever had the pleasure to be a part of. My colleagues across the Kellogg School are uniquely warm, constructive, and generous. Directing the KTAG (Kellogg Team and Group) Center has been a pleasure beyond compare. I am very grateful for the generous grants I have received through the years from the National Science Foundation’s Decision, Risk and Management Program, the Kellogg Team and Group Center, and its sister, the Dispute Resolution Research Center.

This book is very much a team effort of the people I have mentioned here; their talents are diverse, broad, and extraordinarily impressive. I am deeply indebted to my colleagues and students, and I feel very grateful that they have touched my life. I would also like to thank the reviewers of the fifth edition: Claus Langfred, George Mason University, School of Management; Elaine Hollensbe, University of Cincinnati; Patricia Galdeen; Lourdes University, MI and Roger W. Hutt, Arizona State University, College of Technology and Innovation. The valuable feedback they provided is greatly appreciated.

P A R T

I

# The Basics of Teamwork



# Teams in Organizations

## Facts and Myths

*On July 4, 1976, around 200 Israeli Defense Forces commandos stormed Uganda's Entebbe airport. Their mission—to rescue more than a 100 Air France flight passengers held hostage for a week by pro-Palestinian hijackers. The hijackers had the military support of Uganda's dictator, Idi Amin. A few days earlier, some hostages had been freed, but 100 more, mostly Israeli or other Jewish passengers, remained captive. To rescue them, a daring operation was put into motion. Israeli agents met the freed hostages to collect vital information about the location of the hijacked plane and hostages, and the hijackers' behavior and dress. An elite task force of three units—ground command and control, securing units, and a 29-member assault team—was put together. The plan was to kill the hijackers, deal with the Ugandan soldiers, free and transport the hostages to safety, and destroy Ugandan fighter planes to prevent them from catching up. The assault team was going to storm the terminal where the hostages were held. It was divided into squads and led by Lieutenant Colonel. Yonatan Netanyahu. This task force went through intensive planning, tactics sessions, and mock operations for two days to prepare for their mission which was to take place in an unfamiliar terrain over 2,000 miles away from home. Once there, the task force achieved its aim of freeing the hostages in less than an hour of landing at Entebbe airport, killing the hijackers and 20 Ugandan soldiers.<sup>1</sup>*

<sup>1</sup>BBC (1976, July 4). Israelis rescue Entebbe hostages. *BBC News*. [bbc.co.uk](http://bbc.co.uk).

The rescue of the hostages is an example of effective teamwork: careful selection and recruitment of team members, relentless planning, rehearsal, timelines, and deliverables. These elements—as well as a shared goal and an interdependent group of people—are the defining characteristics of teams. Whereas most businesspeople do not complete operations like that of the rescue of hostages, they do engage in missions that involve significant economic and social stakes.

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, understanding what makes teams work will naturally lead to better and more effective teams. This book introduces a systematic approach that allows leaders, managers, executives, trainers, and professionals to build and maintain excellent teams in their organizations.

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 organization 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 assessment 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.

## WHAT IS A TEAM?

A **work team** is an interdependent collection of individuals who share responsibility for specific outcomes for their organizations. Not everyone who works together or is 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 a 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 support. 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

- 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.

### EXHIBIT 1-1 Five Key Characteristics of Teams

Source: Alderfer, C. P. (1977). Group and intergroup relations. In J. R. Hackman & J. L. Suttle (Eds.), *Improving life at work* (pp. 227–296). Palisades, CA: Goodyear; Hackman, J. R. (1990). Introduction: Work teams in organizations: An oriented framework. In J. Hackman (Ed.), *Groups that work and those that don't*. San Francisco, CA: Jossey-Bass.

length of time—long enough to accomplish 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 work crew 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, 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, a group of researchers who meet each month to share their new ideas is a working group.

## 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 team-oriented approach when U.S. companies retooled to compete with Japanese companies that were quickly gaining market share.<sup>2</sup> For example, 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.<sup>3</sup>

<sup>2</sup>Nahavandi, A., & Aranda, E. (1994). Restructuring teams for the reengineered organization. *Academy of Management Review*, 8(4), 58–68.

<sup>3</sup>Kresa, K. (1991). Aerospace leadership in a vortex of change. *Financier*, 15(1), 25–28.

Managers discovered a 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 encourage employee participation.<sup>4</sup> It is a mark of these programs' success that this kind of thinking is considered conventional wisdom nowadays. 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. According to one study, team-based projects fail 50 to 70 percent of the time.<sup>5</sup>

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

### Information Technology

As recently as 10 years ago, virtual teams were rather novel; now they are standard fare. In the collaboration economy, employees are knowledge workers and teams are knowledge integrators. One of the challenges of the information era is in finding the information that is located within the company, or connecting and communicating with others who may be working half way across the globe. What do people look for in experts? They look for expertise, trustworthiness, communication skills, willingness to help, years of experience, and awareness of other resources. For example, at AT&T, internal activities and interactions happen on TSpace, which includes blogs, wikis, forums and SharePoint sites. Because many people are reluctant to learn new technologies, professional training on new media increases internal adoption.<sup>6</sup>

In the collaboration economy, 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. For example, in 2012, the U.S. Census Bureau estimated that 13.4 million people, or 9.5 percent of all workers, worked from home at least 1 day per week. That's up from 7 percent of the workforce in 1999.<sup>7</sup> 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.

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<sup>4</sup>Cole, R. E. (1982). Diffusion of participating work structures in Japan, Sweden and the United States. In P. S. Goodman et al. (Eds.), *Change in organizations* (pp. 166–225). San Francisco, CA: Jossey-Bass.

<sup>5</sup>Greenberg, J., & Baron, R. A. (2008). *Behavior in organizations* (9th ed.). Upper Saddle River, NJ: Pearson Education.

<sup>6</sup>Miller, L. (2011, January 25). Getting past 'no' on your way to a social media 'yes'. *PR Daily Europe*. prdaily.com

<sup>7</sup>U.S. Census Bureau. (2012, October 4). *Census Bureau report shows steady increase in home-based workers since 1999*. census.gov.

## Competition

Information technology has also allowed customers and clients to gain immediate access to knowledge and information about products and services. This knowledge creates greater competition among companies vying for customers and market share. At least 65 percent of a typical company's business comes from existing customers, and it costs five times as much to attract a new customer than to keep an existing customer satisfied.<sup>8</sup> 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 these areas of expertise will get ever more narrow and interdependent. This is the core structure of a team-based approach to work. For example, the Apple iPhone holds 73 percent of cell phone profits worldwide.<sup>9</sup> The team that developed the iPhone included over 200 engineers and involved thousands of others. This coordinated task was difficult because the applications had to work together. Thus teamwork was critical to coordinate activities of the various groups. Engineers who developed the iPhone worked through the night on coding, hardly sleeping for days. Product managers worked hard to make deadlines, and the tension was high in the office as doors were slammed and arguments broke out in the hallways.<sup>10</sup>

## Globalization and Culture

Another 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.<sup>11</sup> 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 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 it is as if they are in the same building. Furthermore, cultural differences, both profound and nuanced, can threaten the ability of teams to accomplish shared objectives.

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<sup>8</sup>U.S. Small Business Administration. (2012). *Keeping customers satisfied*. sba.gov.

<sup>9</sup>Elmer-DeWitt, P. (2012, May 3). With 8.8% market share, Apple has 73% of cell phone profits. *CNN Money*. cnnmoney.com

<sup>10</sup>Vogelstein, F. (2008, January 9). The untold story: How the iPhone blew up the wireless industry. *Wired*. wired.com

<sup>11</sup>Alderfer, C. P. (1977). Group and intergroup relations. In J. R. Hackman & J. L. Suttle (Eds.), *Improving life at work* (pp. 227–296). Palisades, CA: Goodyear; Friedlander, F. (1987). The design of work teams. In J. W. Lorsch (Ed.), *Handbook of organizational behavior*. Upper Saddle, NJ: Pearson Education.



## Multigenerational Teams

Multigenerational teams refer to the fact that people of different generations work in fundamentally different ways and have dramatically different norms when it comes to collaborating and teaming. This is largely due to the shaping experiences some generations have had with technology at a young age that have affected how they think and work. For example, born in the mid-1980s and later, Generation Y professionals (also known as millennials) are the fastest-growing segment of the workforce.<sup>12</sup> Sometimes, communicating with someone from a different generation can be as challenging as communicating with someone from a different culture. Unless managers and companies take the time to understand the different work and value systems of the other generations, they are doomed to be disappointed and frustrated. Moreover, mixed generations in the office can often lead to awkward face-to-face interactions. For example, millennials have been referred to as the “new office moron” by *Businessweek* because they don’t know how to dress, use a landline, or be professional in a meeting—using their cell phones to text or browse the Internet.<sup>13</sup> Values to consider in teams composed of different generations are as follows: the importance of family, achievement orientation, team versus individual orientation, and the need for feedback, attention, and coaching.

## TYPES OF TEAMS IN ORGANIZATIONS

Organizations rely on team-based arrangements to improve quality, productivity, customer service, and the experience of work for their employees. However, 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?<sup>14</sup> Consider the four levels of control depicted in Exhibit 1-2.

### Manager-Led Teams

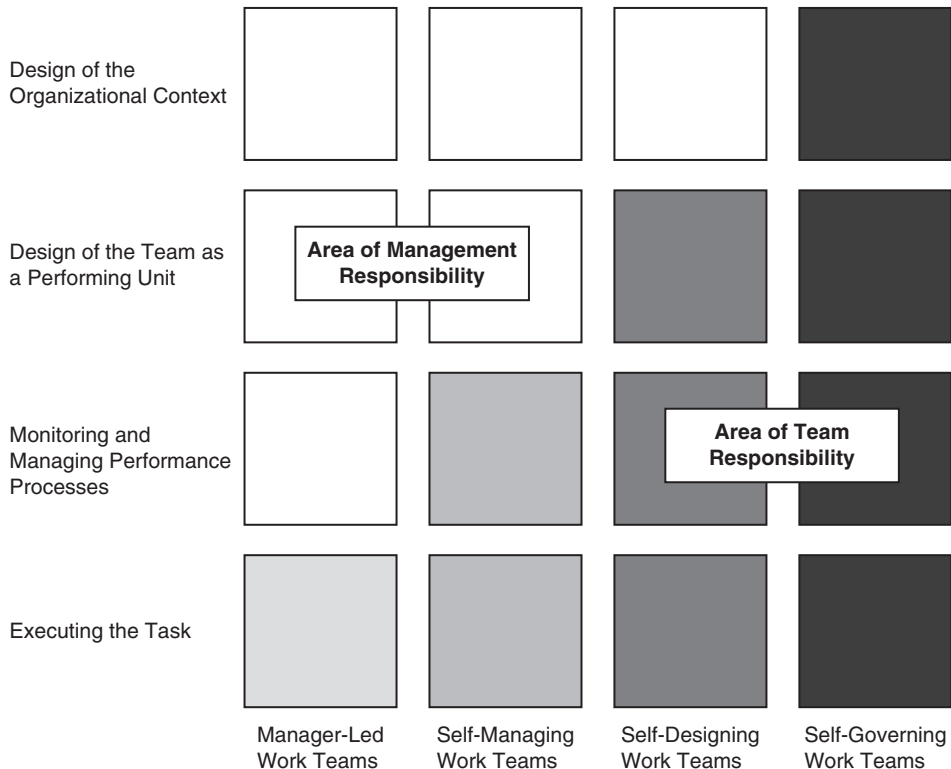
The most traditional type of team is the **manager-led team**. In the manager-led team, the manager acts as the team leader and is responsible for defining the goals, methods, and functioning of the team. The team itself is responsible only for the actual execution of their assigned work. Management 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

<sup>12</sup>Kane, S. (2012). Generation Y. *about.com*

<sup>13</sup>Why etiquette schools are thriving. (2010, October 14). *Businessweek*. [businessweek.com](http://businessweek.com)

<sup>14</sup>Hackman, J. R. (1987). The design of work teams. In J. W. Lorsch (Ed.), *Handbook of organizational behavior*. Upper Saddle River, NJ: Prentice Hall.



### EXHIBIT 1-2 Authority of Four Illustrative Types of Work Teams

Source: Hackman, J. R. (1987). The design of work teams. In J. W. Lorsch (Ed.), *Handbook of organizational behavior*. Upper Saddle River, NJ: Prentice Hall.

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. These 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 goal, such as task forces or fact-finding teams. The rescue of the Entebbe hostages, presented in the chapter-opening vignette, is an example of a manager-led team, with Lieutenant Colonel Yonatan Netanyahu in charge of the assault force. Other examples include surgical teams, 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.<sup>15</sup> These benefits have been observed in both manufacturing and service settings. For example, gaming development company Double Fine was headed for bankruptcy after their most popular game was cancelled. In an unprecedented self-managing move, the owner assigned people to several teams and gave each team 2 weeks in which they were free to develop new game prototypes. The process was called Amnesia Fortnight. Notably, team members were not locked into any one specific job; rather, programmers could become producers and artists could become designers. Staffers were able to explore their capabilities and discover hidden talents. After the 2 weeks ended, Double Fine developed four new games, which saved their company.<sup>16</sup>

Ruth Wageman formally studied 43 self-managing teams in the Xerox service organization.<sup>17</sup> According to Wageman, seven defining features emerged in the superbly performing teams but not in the ineffective teams, including the following: clear direction, a team task, rewards, material resources, authority to manage their work, goals, and strategic norms (see Exhibit 1-3).

A study of self-managing companies revealed that they performed much better than did others when the recession of 2008 hit, and they also created more jobs.<sup>18</sup> Self-managing teams build commitment, offer increased autonomy, and often enhance morale. The disadvantage is that the manager has much less control over the 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 *The New Self-Directed Work Teams*.<sup>19</sup>) 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.

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

<sup>15</sup>Stewart, G. I., & Manz, C. C. (1995). Leadership and self-managing work teams: A typology and integrative model. *Human Relations, 48*(7), 747–770.

<sup>16</sup>Makuch, E. (2012, March 8). How amnesia fortnight saved Double Fine. *gamespot*. gamespot.com

<sup>17</sup>Wageman, R. (1997b, Summer). Critical success factors for creating superb self-managing teams. *Organizational Dynamics, 26*(1), 49–61.

<sup>18</sup>Groom, B. (2012, July 2). Expansion: Chief executives express caution about pace of growth in the sector. *Financial Times*. ft.com

<sup>19</sup>Orsburn, J. D., Moran, L., Musselwhite, E., & Zenger, J. H. (2000). *The new self-directed work teams*. New York: McGraw-Hill.

**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?

**EXHIBIT 1-3 Critical Success Factors for Self-Managing Teams**

Source: Wageman, R. (1997b, Summer). Critical success factors for creating superb self-managing teams. *Organizational Dynamics*, 26(1), 49–61.

allow employees to pursue novel projects they feel passionate about. According to Google, by allowing employees to have “20 percent time” for their projects, several successful launches including Gmail electronic mail service, the Google News service, Google Maps, and social networking site Orkut were possible. Similarly, at Southwest Airlines, self-directing teams are a core value. The company limits the emphasis on formal organizational structure and instead trusts decision making to the individual worker or management committee. When a well-known author forgot his identification card needed to board the plane, the empowered team member was able to assure his identity from the back cover of one of his books, and permitted the author to board the plane, preventing a dreaded flight delay. In a traditional top-down structure, the team member would have to call her manager, who then may have to call another manager, but the power of the self-directing team circumvented the bureaucratic

hassle.<sup>20</sup> By reducing bureaucracy, self-directed teams help the bottom line. At W.L. Gore company, 9,500 employees across 50 locations work without formal hierarchies, no bosses, and minimal job titles. Associates choose their work and negotiate roles with team members. Manufacturing facilities are capped around 200 workers to keep the focus on “we decided” instead of “they decided.” The company scores high in annual lists of best places to work and innovation leaders.<sup>21</sup>

### 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 have wide latitude of authority and responsibility. In many companies, the president or chief operating officer has been replaced with an executive, self-governing team.<sup>22</sup> For example, LPN Founder Dov Seidman stood in front of his executive team and tore up the traditional organizational chart and announced that all members would now “report” to the company mission. The company is managed through elected employee councils and is responsible for recruiting, performance and resource management, and conflict resolution.<sup>23</sup>

Yet, 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 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. However, it is important to think about the direction of movement. One investigation tested predictions from Structural Adaptation Theory on the longitudinal effects of centralizing versus decentralizing decision-making structures in teams.<sup>24</sup> Results from 93 4-person teams documented that it was more difficult for teams to adapt to a centralized decision-making structure after formally working within a decentralized structure than it was to adapt in the opposite direction.

<sup>20</sup>Nayab, N. (2011, August 24). How employee empowerment has pushed companies ahead. *Bright Hub*. [brighthouse.com](http://brighthouse.com)

<sup>21</sup>LaBarre, P. (2012, March 5). When nobody (and everybody) is the boss. *CNNMoney*. [management.fortune.cnn.com](http://management.fortune.cnn.com).

<sup>22</sup>Ancona, D. G., & Nadler, D. A. (1989). Top hats and executive tales: Designing the senior team. *Senior Management Review*, 31(1), 19–28.

<sup>23</sup>Seidman, D. (2012, June 26). Work in progress: Working in a self-governing office. *Financial Times*. [financial-times.com](http://financial-times.com)

<sup>24</sup>Hollenbeck, J. R., Aleksander, P. J., Ellis, S. E., Humphrey, A. S, Garza, & Ilgen, D. R. (2011). Asymmetry in structural adaptation: The differential impact of centralizing versus decentralizing team decision-making structures. *Organizational Behavior and Human Decision Processes*, 114(1), 64–74.

## 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. Perhaps it is for this reason that 37 Signals, a Web application company, instilled a “month off” policy under which employees take a month off from coming into the office and instead work on mock-ups or prototypes of new products. They are free to work wherever they want. By having a full month to dedicate to innovation without the hassle and interruptions of team meetings and administration, individuals can innovate.<sup>25</sup>

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 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. Faulty team design is a key causal factor in underperforming teams.

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.

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<sup>25</sup>Fried, J. (2012, May 31). Workplace experiments: a month to yourself. *37Signals*. [37signals.com](http://37signals.com)

## **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.<sup>26</sup> 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. Leaders need to help managers learn about teamwork.

## **Experimenting with Failures Leads to Better Teams**

It may seem ironic, but one of the most effective ways to learn is to experience failure. For example, Twitter was born out of a failed project called Odeo. Twitter founder Evan Williams and his team were struggling to get excited about a podcasting service that didn't offer everything that iTunes—a major competitor—did. Sure enough, soon after it was introduced, Odeo failed. So, Williams and his team took the experience from Odeo and developed a completely new social media that allowed people to send simple updates via text.<sup>27</sup> A failed team effort should be viewed as a critical source of information from which to learn. However, when you are the one failing, failure is hard to embrace. The true mark of a valued team member is a willingness to learn from mistakes.

Surprises and ambiguity are often a cause of failure, so it is important to examine how teams can best deal with surprise and the unexpected. One investigation examined how SWAT teams and film production crews deal with surprises and upsets by engaging in organizational bricolage—in which they restructure their activities by role shifting, reorganizing routines, and reassembling their work.<sup>28</sup>

## **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 as it can foment accuracy, insight, understanding, trust, and innovation.

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

A common myth about leadership 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.

<sup>26</sup>Hill, M. (1982). Group versus individual performance: Are N + 1 heads better than one? *Psychological Bulletin*, 91, 517–539.

<sup>27</sup>Miller, C. (2012, October 30). Why Twitter's C.E.O. demoted himself. *New York Times* nytimes.com

<sup>28</sup>Bechky, B. A., & Okhuysen, G. A. (2011). Expecting the unexpected? How SWAT officers and film crews handle surprises. *Academy of Management Journal*, 54(2), 239–261.