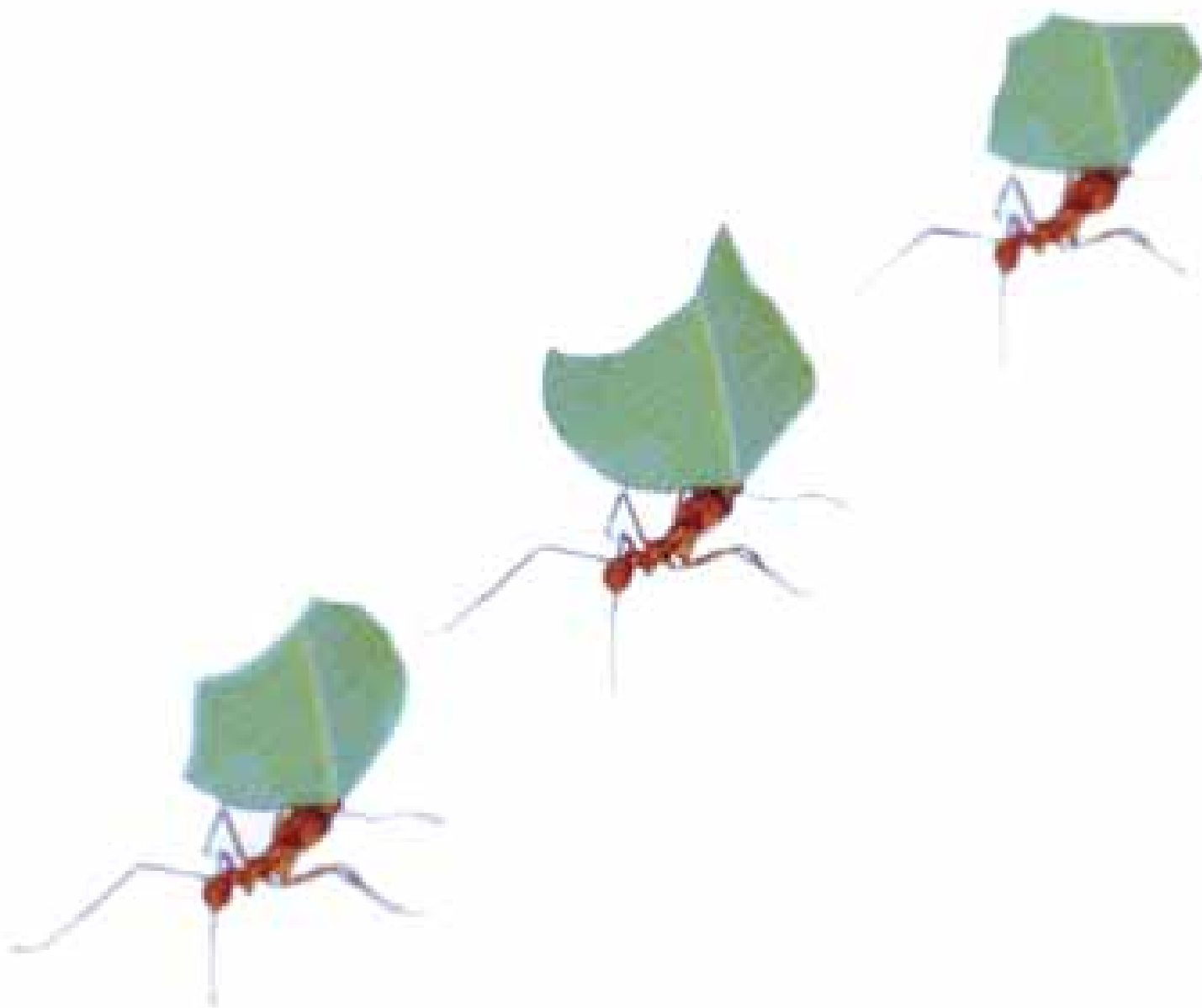


## Teams that work.



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# Teams that work

High-performing management teams are essential for the delivery of significant change within complex organisations. Yet most such teams are far less than the sum of their parts. They fail to produce to their full potential. How can organisations make their management teams more effective?

We believe the answer lies in allowing teams to do real work together, but in a reflective way that allows them to understand what they are doing well, and why. The best way to learn how to work well as a team is to work as a team. Group psychology and outward bound courses have limited value.

“Teams that work” do so on three levels:

- 1) They work well together as a group of people.
- 2) They generate results.
- 3) They do real work on the ground, and learn from it.

**“We believe that the best way to learn how to work as a team is on the job.”**



# Working well together

What was it that made the difference for the Scotland rugby football team that soundly beat England in 2006? It was certainly not the quality of the individual players. None of the Scots had been selected for the full British and Irish “Lions” rugby test-match team six months earlier against the New Zealand All Blacks. Yet most of the English players had been. The difference on the day of the England-Scotland match lay in the fact that the English team was considerably less than the sum of its parts whereas the Scots team was more.

The way in which teams can be more than the sum of their individual components is perhaps most clearly demonstrated by the relay race. Here, teams with the fastest runners can be (and indeed often are) beaten by teams with less able runners. The relay races in the Olympics attract some of the largest audiences of the games because they have the greatest potential to throw up surprises.

Teams with less able individual runners win because they are better at the processes involved in a relay race – the baton changing, for example. One piece of research into a French Olympic team that performed well above its potential suggested that the runners had a different attitude to their task. They seemed prepared to hold back their running effort in order to make a smoother passing of the baton. The fastest individual runners, on the other hand, found it difficult to restrain themselves for the benefit of their teammates. As a consequence, they more frequently made mistakes during their baton changes.

In organisations, the same principles can be seen to apply. The most technically talented well-established teams are sometimes outflanked by inexperienced upstarts. Invariably, when the upstarts win it is because they are closely aligned behind a motivating goal or idea, and they are dedicated to getting results. The growth of the internet has thrown up many such examples.

Effective teams, it seems, can not only be more than the sum of their parts, they can be more even than the sum of the parts of the most experienced specialists at the tasks they are undertaking. Peter Drucker, one of the most down-to-earth of management writers, once said, with reference to knowledge-based organisations: “A great orchestra is not composed of great instrumentalists, but of adequate ones who produce at their peak.”

Unfortunately the hierarchical nature of traditional organisations does not favour the formation of good teams. Many companies still have military-style organograms and structured lines of command where

**“We believe the best way to build trust is to share successful experiences. Once a team has demonstrated its own effectiveness, it becomes set on a virtuous circle of self-improvement.”**

rank, as it were, gets in the way of the more egalitarian environment required for teams to work at their best. Most managers climb the corporate ladder by successfully defending their turf, not by deferring its narrow interests to the larger interests of the organisation as a whole. When they get near the top of the structure they are rarely well prepared for the more collaborative approach required by higher level strategic decision-making.

Companies put very little effort into helping management teams to achieve the extraordinary outcomes of which they are capable. In our experience, this is particularly true of top management teams. Middle managers are more likely to get coaching. Partly this is because organisations are afraid that coaching will take up too much of their top managers’ expensive time, often assuming that it necessarily involves countless weeks of rock-climbing and group bonding in extravagant country retreats.

Our approach to team-building makes no such assumptions. We believe that the best way to learn how to work as a team is on the job, by doing things in teams. We never ask teams to commit more than one day and the preceding night to any particular learning programme. And we insist that participants not think of it as “losing a day’s work”. During that time they work together on some of the toughest problems that they face. We merely encourage them to do what they should be doing anyway. But in a more reflective environment.

“Away days” and outward-bound courses may have a role to play, but we believe it is secondary to the role of actually working together. Teams learn how to improve through a process of action and reflection: doing things together and then thinking about what worked and what did not.



# Communication, communication, communication

Fundamental to good teams is good communication among members of the team. A really good team recognises that each of its members sees things differently and communicates differently. To get their messages across, members must tailor their communication for their particular audience. They must learn how to package information in the most appropriate way. For instance, some people prefer to grasp things by going from the general to the specific (“big chunk” types who, once they see the big picture, are then happy to home in on the details). Others prefer to start with the details (“small chunk” types), building up the whole from a collection of facts, lists, etc.

More particularly, the nature of managers’ jobs influences to an extent the way they communicate with other managers. “In contrast to activities performed by most non-managers,” wrote Henry Mintzberg, a Canadian academic, in what has become a classic study of managers at work, “those of the manager are characterised by brevity, variety, and fragmentation. The vast majority are of brief duration, of the order of seconds for foremen and minutes for chief executives. The variety of activities to be performed is great, and the lack of pattern among subsequent activities, with the trivial interspersed with the consequential, requires that the manager shift moods quickly and frequently. In general, managerial work is fragmented and interruptions are commonplace.”

This fragmentation and short attention span does not encourage understanding within teams. Members of management teams spend a lot of time talking to one another, yet often fail to communicate. In many cases, they are locked into political games that tend to discourage the spread of information and opinions, and to undermine the trust that is essential to good teams. This is particularly dangerous among top teams, since their way of doing things tends to be imitated throughout their organisation. A dysfunctional team at the top soon creates a dysfunctional organisation.

In our experience, it is rarely helpful for teams to have self-conscious discussions specifically focused on the issue of building trust. In fact, such discussions can be counter-productive, raising fears that did not previously exist. We believe the best way to build trust is to share successful experiences.

Once a team has demonstrated its own effectiveness, it becomes set on a virtuous circle of self-improvement. Hence teams should aim for the easy pickings at the beginning – i.e., undertake those tasks at which they think they are most likely to be successful. These are typically issues of direction-setting and business problem-solving.

Any new communications technology increases the potential for misunderstanding, and managers need to learn how to use it to maximise the effectiveness of their teams. But even the use of e-mails, which have become such a fundamental part of so many people’s working lives, is still little understood. The purpose of e-mails and our expectations about them are very different from those for old-fashioned letters or texting by mobile phone.

A large UK government department recently looked into the way its senior managers were using e-mails. Perhaps surprisingly, three-quarters of them said that they dread opening them in the morning, while 84% said they receive e-mails that they do not need. A number choose to delegate responsibility for reviewing and deleting messages to their assistants, but many prefer to see all their emails themselves. That way they feel they can control the flow of work and monitor communications. On average, the managers were found to check their e-mails from 3-15 times a day and to spend 11 hours a week on such communications.

How team members communicate with one another is a function not only of their personalities and career paths but also of the communications technology available to them. That has changed dramatically in recent years, and further dramatic changes are sure to come. Videoconferencing, for example, which has not yet taken off to the extent that many expected, may be given a new lease of life by technology that allows its participants to feel as if they are all sitting round a table, albeit a virtual one. To date, managers still feel the need to burden themselves with heavy travel schedules in order to take part in a large number of face-to-face meetings.

# Generating results

The only way to discover if teams are working well is to monitor their progress through regular feedback. We have found that teams learn to work well together not just by doing things together, but also by regularly examining those things that they do well, learning the lessons from that examination, and then repeating the process. Successful teams learn how to be successful by focusing first on business issues. Behavioural issues come second. Questions about who likes who, and who is too aggressive, can be addressed in the context of what it takes to generate results and bring about successful conclusions.

Members of top teams often find it difficult to take a step back in order to assess their own performance. But without an appreciation of when they are performing well as a team, and when they are not, and what constitutes the difference between them, they cannot hope to become a more effective team. A relay squad will sit down and examine in minute detail the steps it took in a winning race and those it took when being less successful.

At the accounting arm of Deloitte, where much of the firm's audit work is done in teams, the managers have developed a formal process for working together. Before they start a new job each team member states what he or she believes they will need to complete that job. At the same time they decide how communications between them are to take place. They then schedule mid-point checks on progress and an end-of-the-job review. One outside observer has said the result is "a well-managed, flexible way of working with diverse teams that enjoy reasonable workloads and provide excellent client service."

In Deloitte's consulting business, team members have more often come from different backgrounds – both from other consulting firms and from line management. In such circumstances it is a good idea at the beginning of a new assignment for each member to say where they have worked before and how they are accustomed to working. The broader range of experience that they can bring to the table can be more valuable than the familiarity that comes with teams whose members have worked for similar organisations much of their working life. But it helps if the assumptions under which each one is working are spelt out at the beginning.

The frequency with which teams need to check on their progress depends to some extent, of course, on the nature of the task in hand. And teams must always be wary of what psychologists call "the positive illusion", the impression that any group to which they themselves belong is more co-operative and industrious than every single one of those to which they do not belong.

**“Successful teams learn how to be successful by focusing first on business issues. Behavioural issues come second.”**

# Doing real work on the ground

Learning on the job is the essence of good teams. Hence they should be wary of delegating too much to others outside their team – to more junior staff, for example, or to consultants. They need to do and achieve real things together. Reflection and self-discovery that takes place in a context of continuous action is the best way to create an effective team. We believe that this cycle of action and reflection reinforces the effectiveness of teams by demonstrating clearly what works and what does not.

Building effective teams seems to be particularly difficult in the public sector. Senior civil servants in the UK are known to be essentially “collegiate but not collaborative”. They like to spend time in each other’s company, but they are not easily persuaded to work together or across organisational boundaries. Likewise they are not known for establishing connections with the front line and the delivery processes of their departments. For them in particular, doing real work on the ground is crucial to the formation of effective teams. Given their culture, it is particularly important that they keep an eye out for “positive deviants” among their front-line workers, people who seem to gain exceptional results by deviating in some way or another from the official line.

In general, too many managers detach themselves from the real business of their organisations the further they climb up them. It is very easy for top management teams to become divorced from the rest of the things that the organisation is doing. But this is dangerous. The more opportunities managers have to get their hands dirty by working in teams that address real business issues on the ground, the better will be the teams that they belong to.

## Effective meetings

Many managers spend up to half their working day in meetings. Yet almost all those managers appreciate that a large number of their meetings are a complete waste of time.

To work well, any management team must ensure that it is running effective meetings. In the last article he wrote for *The Harvard Business Review* (“What Makes an Effective Executive”, June 2004), Peter Drucker said he thought that to “make meetings productive” was one of the eight key practices of the effective executive.

Alfred Sloan, the boss of General Motors from the 1920s to the 1950s and once described by Drucker as “the most effective business executive I have ever known”, spent almost all his working days in meetings – working in teams either in formal committees or in small ad hoc groups of GM executives.

Yet today too little attention is paid to making meetings more effective. Many happen simply because they are on a regular agenda – the “every Tuesday afternoon” type of meeting. And habit can blind participants to the fact that the need for meetings changes over time. In some cases it may disappear altogether.

Teams should regularly ask themselves whether they think the frequency of their meetings is insufficient, about right, or too much. And then they should reconsider who needs to be at the meeting. They should also pay close attention to the agenda, to the subjects that they want to spend time on during the meeting. Too many agendas are agreed blindly on the nod. The focus should be on tackling important issues before they become urgent. Teams spend too much of their time fighting fires that could have been avoided. They are reduced to dealing with urgent matters, leaving them with too little time for the important ones.

Finally, it is vital to remember that the follow-up to any meeting is at least as important as the meeting itself.

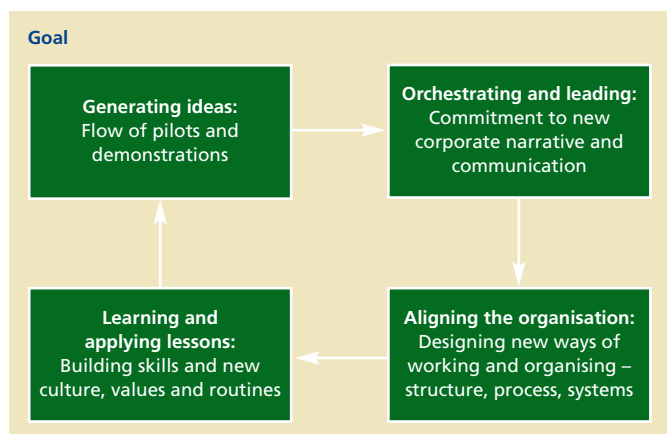


# The GOAL of top teams

Henri Fayol, one of the 20th century's most influential management thinkers, classically divided the manager's tasks into four – planning, organising, co-coordinating and controlling. At Deloitte, we believe that the tasks of top management teams can also be divided into four:

- Generating ideas;
- Orchestrating and leading;
- Aligning the organisation; and
- Learning and applying lessons drawn from these activities.

The first letters of these four tasks spell out the word GOAL. They need to be the “goal” of all effective teams.



**“Teams who come from diverse backgrounds have been found to be more innovative than those who come from the same background.”**

## 1. Generating ideas

One of the most important tasks of management teams is to come up with new ideas. We all recognise that we can be more creative when working in groups and thrashing ideas about than we can when working in a hermetically sealed office. Many organisations have set up what have come to be known as “skunkworks”, special environments designed to foster innovation and creativity among the teams of people assigned to work in them. IBM famously did this in the early 1980s to invent its personal computer.

Most of the time, however, the ideas that management teams need to come up with have less to do with inventing new products and services, and more to do with motivating and engaging the front-line members of their organisation. They need to be creative in

designing rewards, training schemes and performance management so that all their organisation's employees are aligned behind its best practices and processes.

Teams who come from diverse backgrounds have been found to be more innovative than those who come from the same background. The latter tend to fall into the bad habits of “group think”, of conforming to a view held by a group to which they belong even when it differs from their own. Teams rarely give due credit to ideas that come from outside their experience. The “not invented here” syndrome discourages them from setting up systematic monitoring of external changes in other firms or other industries that might provide them with valuable insights.

To encourage innovation, organizations should try to build teams that not only have both men and women on them, but also have representatives from a broad spread of ethnic backgrounds and industrial experience. Groups of people from these diverse backgrounds do not necessarily work harmoniously together. But the point is not to create a happy band of fellows. The point is to stimulate new ideas.

Team members do, however, need to trust each other. Too often teams engage in disruptive politics which discourages other members from taking risks, speaking out, or offering new ideas. We see many managers on top teams deterred by such behaviour. They can soon become frustrated in their jobs and eager to find other options.

Although teams can work well remotely, at a distance – especially with the benefits of modern information technology - they do still need to come together on occasions and be physically in the same place. Building trust requires some face-to-face contact. And once built, trust needs topping up from time to time. All teams need to meet regularly.

Despite recent advances in videoconferencing technology, it is not yet a satisfactory substitute for real-time roundtable discussion. When Boeing designed its latest passenger plane, the 787, it used designers in many different countries. While they did a lot of videoconferencing among themselves, they also got together at Boeing's base near Seattle for several months at the beginning of the project, and then at six-weekly intervals thereafter.

**“We reckon as much as 50% of the money currently being spent on leadership development is wasted. Unlike expenditure on advertising, however, firms know only too well which 50% they are wasting.”**

**“Companies should place more emphasis on finding a top team, a group of people who lead by the example of their joint effort and collaboration. They want great orchestral players, not star solo artists.”**

## 2. Orchestrating and leading

The leadership “industry” is mature and growing, fed by a steady flow of books that attempt to persuade the corporate boss to be more like Alexander the Great or Ernest Shackleton or Jack Welch or Richard Branson, or whoever happens to be the current faddish role model. Companies spend millions every year on leadership courses of one sort or another, and in many cases get very little for their money.

We reckon as much as 50% of the money currently being spent on leadership development is wasted. Unlike expenditure on advertising, however, where firms are also said to waste 50% of their expenditure but not to know which 50% they are wasting, with leadership development organisations know only too well. It is the ‘sheep-dipping’ of managers through leadership courses and offbeat training sessions that fails to deliver or sustain once managers return to real work.

Companies tend to look to a single charismatic individual to bring about change – as if a Jack Welch or an Alfred Sloan on their own brought about the massive success of General Electric (GE) and General Motors (GM) during their watch. Jack Welch himself acknowledged the value of teams. “We’ve developed an incredibly talented team of people running our major businesses,” he once said when at GE. “There’s a healthy sense of collegiality, mutual trust and respect for performance that pervades this organisation.”

CEO “churn” is at an all-time high partly because the expectations placed on the single individual at the top are increasingly beyond what any one individual can hope to fulfill in the time that investors will allow. But change takes time – even revolutionary change. Toyota’s “lean” production system, which brought the Japanese car company to the forefront of the automobile industry in the 1980s, was first introduced in the 1950s. It took 30 years for it to produce memorable improvement.

The people most responsible for the selection of the CEO – the members of the board – are a group of people whose essence it is to work as a team, and they should know that they need to select leaders who will elevate the performance of their organisation’s top management teams. They should spend less time searching vainly for a single charismatic corporate saviour.

As recounted in Rakesh Khurana’s book (“Searching for a Corporate Saviour; The Irrational Quest for Charismatic CEOs”, Princeton University Press, 2002), outside candidates for a CEO’s job are judged largely on the performance of the company that they currently work for, as if that performance were entirely due to their efforts alone. In practice, of course, it is the result of the efforts of the top management teams of which they are merely one member.

When Bob Nardelli narrowly failed to get the top job at GE in succession to Jack Welch, he became one of the most sought-after executives in America. Enticed by huge financial incentives, he jumped ship and joined Home Depot as CEO. But the retailer was in a completely different business from GE and had a completely

different culture. Nardelli failed to make the impact that investors had hoped for and he was forced to resign in 2006. Those who had enticed him to move had failed to appreciate the extent to which the performance of GE was due to the efforts of the “incredibly talented team of people” that Jack Welch said he had gathered to run the company’s major businesses. Separated from that team, Nardelli was unable to produce the same sort of results.

Companies should place more emphasis on finding a top team, a group of people who lead by the example of their joint effort and collaboration. They want great orchestral players, not star solo artists. Toyota has already taken a big step in this direction. In a recent annual report it described a new feature of its management system: “Senior managing directors do not focus exclusively on management,” it said. “They also serve as the highest authorities in specific operational functions.” A COO who has climbed to the top through the logistics “silo” of the business, say, remains the top authority on logistics even when he is also the COO. This system, says Toyota, “helps closely co-ordinate decision-making with actual operations.”

## 3. Aligning the organisation

Teams have to agree on where they are going and how they are going to get there. Many senior executives assume that they share with their colleagues a common view of their organisation’s goals and values. But it is remarkable how often individual members of a team have different visions – not only of the best way to go about achieving their aims, but also of what those aims actually are.

At one energy company familiar to the author of this paper, the five executives on a top management team were asked what they thought were their company’s top ten priorities. They came up with a list of 23, only two of which appeared on all five executives’ lists, 13 of the 23 appearing on only one of their lists. It would be virtually impossible for a team with such a diffuse view of their organisation’s priorities to steer all their efforts in the same direction.

An aligned management team is critical to the delivery of performance and change. But teams should work with the grain of their temperament and not against it. In our experience it is not a good idea to try and bring about dramatic change in the behaviour of individual team members in order to align them with some sort of overall vision imposed on the group, be it by its leader or by the CEO. The members of a team should be chosen at least partly because they are a good fit with the other members. Throwing together a bunch of self-obsessed geniuses and assuming that their output will contain the fruits of genius does not work. The use of personality typologies (such as Myers-Briggs) can help in putting together effective teams.

Only when the members of a team are aligned behind the same goals and methods of achieving those goals can they hope to persuade other colleagues in their organisation to become aligned in the same direction.

**“There are few things more important for managers today, however, than to be a little more reflective about themselves and the effectiveness of the teams that they are working in.”**

#### 4. Learning and applying lessons

Crucial to any team-building process is the gathering and application of feedback. We believe it is essential that managers become more reflective about their teams, about how they work together, and how their performance can be improved.

Within the schedule of the typical manager, however, it is not easy to find space to be reflective about anything very much, never mind the functioning of the various teams that turn an organisation's strategic intent into action. As Mintzberg put it in an article he wrote for the Harvard Business Review in 1975: “The traditional literature notwithstanding, the job of managing does not breed reflective planners; managers respond to stimuli; they are conditioned by their jobs to prefer live to delayed action.”

There are few things more important for managers today, however, than to be a little more reflective about themselves and the effectiveness of the teams that they are working in. We have found that effective teams are those which, once they have achieved some success in their business aims, take time to examine and learn how they did it. For all sorts of reasons, of course, this is not easy. Too many managers, for instance, underestimate the value of contributions from those who disagree with them.

Teams must then go on and apply the lessons that they learn to their future workings together. As in other areas of business, there is tremendous value to be drawn from repeatability, from the power to repeat, again and again, a simple process with a proven track record. It applied to McDonald's burger frying and the Model T Ford assembly line. It can also be applied to working in teams.

At the same time teams have to be ready to respond to change. They must not get stuck in a rut. Too many, for instance, are slow to appreciate the consequences for their business of macro changes in the economy. Media executives, for example, failed for a long time to grasp the implications of the internet for their publications' classified advertising – a market that had scarcely twitched in a century but which suddenly was threatened with overnight obliteration.

In other areas teams have been quick to appreciate that they need to take on new capabilities to meet unpredictable changes in their environment. Car designers, for example, have had to take on a whole new swathe of technological skills in order to design the next generation of automobiles, a generation that will have to be environmentally aware in a way that previous generations were not.

Teams need to reflect continually on the progress that is being made towards achieving their business goals, and on the effectiveness of the ways in which team members work together. They need to ask questions like: “What impact am I having on the group?” and “What exactly are the information needs of the people round this table? Am I giving them the right amount of information? Are they giving me the right amount?”

We have found it helpful for team members occasionally to look at each other's diaries and to comment on them. But the focus should

always be on execution, on getting things done and delivering better results. Teams should not spend too much time examining interpersonal behaviour and relationships. That can be left to television soaps such as “Grey's Anatomy”. There, high-powered teams of medics spend far more time considering their relationships than their patients. The real world does not work like that.

Team learning is a process of “action” and “reflection”. The reflection after a meeting need take no more than 40-45 minutes in which the group asks itself, “Why did that discussion work?” or “Why did that discussion not work?” But, for sure, teams can learn how to work well together. The very last sentence of one of the last things that Peter Drucker wrote before he died, is the end of the already quoted article in the Harvard Business Review entitled “What Makes an Effective Executive?” There Drucker said: “Effectiveness is a discipline. And, like every discipline, effectiveness can be learned and must be earned.” Just like executives, in order to be effective, teams too must learn how to do it.

#### Case study

Improving the way teams work has to be part of any plans by the UK civil service to achieve higher levels of customer service (see “The Delivery Challenge for the Next Government”, Deloitte, 2007). Within government there is no shortage of opportunities for improvement. In one department we have worked with, members of a high-level team had the habit of not speaking up when they disagreed. As one of them put it after a typical meeting: “I didn't explicitly agree. I just kept silent.” In one particular top-level strategy discussion, the team members with serious doubts suppressed them in this way. The Secretary of State later signed up to the strategy, having been told that all the team members were on board, only to find members subsequently back-tracking on the decisions that were taken.

In addition, the top team was very distant from the day-to-day operations of the department and had little grasp of the core business processes of the ministry. As a result, major operational problems almost invariably came as a surprise, and were treated in the classically flawed way – by throwing money and people at the symptoms of the problem rather than by tackling its root causes. The ministry's frontline management teams then proceeded largely to ignore the guidance coming from their head office, with the result that each regional office developed its own unique processes and fixes.

The programme that was introduced to improve team performance within the department was similar for the top team and for the frontline management teams. Each spent time together aligning the support of its members for the strategy and its real-world implications for business processes and people. They agreed on their roles, their accountability, their schedule of meetings and the rules of their behaviour. At the same time (and crucially) they improved their understanding of the business processes involved in doing the job that they were supposed to be in charge of.

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