



Group dynamics: How can you fix a dysfunctional team?

In our [CFO Transition Lab™](#), finance executives often lament that they have inherited a team that is unwilling to make and own their decisions. Instead, they find that their team “delegates up” decisions. This behavior, of course, defeats the purpose of having a leadership team. If you can’t delegate, you can’t focus your energies and time on more strategic issues.

Still, that’s just one of the common dysfunctions that come up with surprising frequency in our customized Labs that map out a CFO’s first 180 days. Based on those sessions and our transitions research, there are actually three dysfunctions that can impede team performance for incoming executives:

- *Collective delegation up*: avoiding accountability;

- *Collective lethargy*: low energy, little engagement, lack of commitment;
- *Organization silos and conflict*: delaying or undermining collective success.

While there are many other inhibitors of team performance¹ (also see “[Diagnosing your team—curing their ills](#),” *CFO Insights*, December 2015), many incoming leaders initially grapple with how to intervene to address these specific team inheritances. Tackling these issues is not easy and will require determining the root causes of the team’s current performance. Only then, can a new leader zero in on appropriate responses, which can range from changes in people, culture, organizational connectivity, information-sharing, and individual empowerment.

In this edition of *CFO Insights*, we’ll explore how finance executives can diagnose what’s hindering their team’s performance and what options they have for shaping it into a more cohesive and effective unit. In addition, we’ll consider how weak teams can be turned into high-performing ones. And, as companies accelerate their return to work policies, we’ll ask what leaders can do to overcome signs of flagging motivation and commitment.

From delegation up to shared accountability

“Delegating up” is a behavior that is usually driven by a shared belief system. If you observe this collective behavior in your team, it is important to identify the prevailing beliefs that drive it and understand the conditions that led to its acceptance.

Low energy, little engagement, and lack of commitment can spread across your inherited extended leadership for a variety of reasons.

For example, there are often situations where a CEO or a previous business unit leader is very controlling and has created an intimidating culture. If prior leaders excessively punished or publicly ostracized those who made small mistakes or independent choices—or managed through a culture of fear—then team members will feel unsafe to make independent decisions and take ownership of them.

Shifting this sort of a culture takes time. As an incoming leader, you have to constantly communicate the need for team members to make their own decisions. If they make decisions but delegate up, you need to push those decisions back down. You will need to celebrate those who model the desirable decision-making behaviors. Most important, you will have to create an environment where the team can vigorously and honestly debate issues and make choices without fear of retribution. Culture change, after all, is not easy. (For a more systematic approach to mindset transformation, see “[Navigating change: How CFOs can effectively drive transformation](#),” *CFO Insights*, June 2012.)

From collective lethargy toward energized commitment

Collective lethargy is another common dysfunction incoming leaders face. Low energy, little engagement, and lack of commitment can spread across your inherited extended leadership for a variety of reasons. Perhaps the prior incumbent was ineffective at running the team. That

leader may not have committed to forging improved relations within the team by establishing common goals, role clarity, and group processes. The prior leader may have been ineffective in raising resources to support the team. For instance, staffing may have been insufficient; budgets may have been too small to get the job done; or salary increases may not have been commensurate with the market. The result? Existing staff may have been working extra hard with no extra rewards as their discretionary energy was depleted.

The prior leader may also have lost credibility with staff by promoting mediocrity and “yes” people. Your predecessor may have also been disorganized in team settings—basically running meetings as status reports without soliciting the involvement of the extended leadership team in making important decisions. Similarly, the prior leader may have driven organizational changes, such as implementing a poorly designed shared service finance organization, that undermined existing partnering relations among staff and interactions with the businesses. All of these different types of issues can contribute to team members withholding energy and lacking motivation.

If you encounter collective lethargy in your team, it is important to first diagnose the causes. There is no single silver bullet to boosting energy, and you may only have limited choices in changing the context that drives collective lethargy. If it's the “yes” folks put into leadership by the prior leader, you may have to replace them. If it involves poorly run team meetings, you will have to improve them by allowing other leaders to contribute to the agenda and partake in decisions. If it is the lack of resources, ideally you negotiated some discretionary resources before taking the position so you can recruit or retain critical staff. If the team is overworked and tired, you will have to examine ongoing projects to stop those that drain energy, and rethink tasks that are less important, thereby freeing up resources to succeed at the more important efforts.

The journey from collective lethargy to energized commitment is not likely to be instant or easy. You will need to identify root causes and undertake selective change

efforts—where feasible—from replacing people to changing the work done by the team. As with the previous challenge of delegating up, you will need to change the team's collective beliefs—and visibly demonstrate, communicate, and reinforce that their discretionary energy and efforts will be recognized and rewarded, and that their energy and effort will not be squandered.

From organization silos to synchronized high performance

Many CFOs in our Lab sessions note that they have inherited hierarchical, siloed organizations. Often, each member of their leadership team owns and assiduously guards their team member hierarchy and information with little coordination across teams. Information filters slowly through each team as it makes its way up the hierarchy, then is processed and often recycled across levels until decisions are made. Those decisions then have to flow

Address team dysfunctions early

As a new CFO, your team inheritance may feature numerous dysfunctions. These may include mistrust and lack of information-sharing, silos among team members, or even outright conflict. It's critical to address these problems quickly and set the tone and operating model for your team.

Sometimes, this can be done through direct conversations with those concerned. At other times, more drastic actions are warranted, from assigning the same shared office to two individuals who do not work together, to letting someone go. Effective HR support can also help by recruiting candidates who demonstrate and encourage ownership of decisions.

Quickly addressing inherited dysfunctions is likely to gain you respect. Allowing them to linger will likely undermine you with your team and peers.



down the hierarchy. In today's networked fast-changing world, this traditional model of organization can lead to delays in decision-making, lost opportunities, or even erroneous non-adaptive responses to shifting business environments.

General Stanley McChrystal probably provides the single best exposition of how to resolve this welter of organization and team silos. McChrystal, who served as commander of US and NATO forces in Afghanistan, recommends constructing what he calls a "team of teams" (as he notes in his book of the same title²). In a "team of teams," not only are the leaders of different teams or hierarchies connected, but various members of each of their respective teams are connected through trusting relationships and common purpose. The relationship fosters a culture in which teams share information, interpret, and establish a collective understanding of the situation confronting the organization, and then undertake collective action to address its needs.

As McChrystal notes, when he became leader of the Joint Special Operations Command in 2003, he had some of the best teams in the military reporting to him: Navy Seals, Rangers, Army Special

Operations Forces, and the like. Yet, despite these teams—and significant surveillance, technology, and equipment advantages—al Qaeda in Iraq was outmaneuvering the US military by increasing its deadly operations through decentralized networks. While each team in McChrystal's command was excellent on its own, silos among teams in the field and intelligence analysts elsewhere meant only a fraction of the information gathered was converted into timely insight. Indeed, ownership of resources across different team hierarchies did not mean the best available resources were effectively deployed to the collective mission of destroying al Qaeda in Iraq (AQI).

To improve the strategic and operational capabilities to fight AQI, McChrystal established a "team of teams." This was done by leveraging four key organizational principles: increasing liaisons and embedding of personnel across teams to foster trust among individuals from different teams; establishing a clear common purpose; creating a shared consciousness through transparent sharing of information; and empowering execution across all levels of the organization.

- To enhance **mutual trust and connectivity** across teams at lower levels of the hierarchy, McChrystal established liaison roles—often embedding a well-qualified, high performer from one team into another. Over time, this built mutual respect and connection points across teams.
- To establish a **common purpose**, McChrystal and his leadership effectively communicated the common goal of collectively winning against AQI. While individual or team success was important, the overall success of defeating AQI became the paramount measure.
- To create **shared consciousness**, McChrystal and his leadership transformed information-sharing across the entire command. At the outset of his tenure, the daily operations and intelligence brief was little more than a small video conference between the headquarters in Fort Bragg, a few offices in DC, and the biggest bases in Iraq and Afghanistan. By 2005, the daily meeting included thousands of participants.

Assessing your team inheritance

As an incoming executive, you inherit a leadership group that may or not function as a team. But how do you know? The following questions can serve as a practical starting point for team assessment. They may also help focus your attention on areas that should be addressed to develop a high-performing team.

1. What net promoter scores would your clients assign to your inherited team?
2. How would you rate your team?: 1) high performance; 2) medium performance; 3) broken; 4) not a team. Why?
3. What is the most important thing to improve or change client perceptions of your team?
4. Does your team have clear shared team goals? If not, what would you like those goals to be?
5. Do key leaders on your team have clear roles and performance expectations for their roles in accomplishing team goals? If not, what you like the roles and expectations to be?
6. How will you work to elevate interpersonal engagement in the team?
7. Do team members feel psychologically safe to contribute effectively? If not, what steps will you take to create a culture of safety to contribute?
8. What can you do to increase communication, engagement, and exploration by your team?
9. Is your team diverse and inclusive? If not, how will you create a more diverse and inclusive team?

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Despite its size, it created a shared consciousness of the battlefield on a daily basis, which, in turn, led to more focused and adaptive follow-up actions.

- To **empower execution**, those closer to problems were permitted to self-organize responses without having to get approvals up and down hierarchies. The individuals and teams were encouraged to do the right thing with “eyes on what they did but hands off” on how to do it.

These four organizing devices dramatically increased team performance on the battlefield. Like overcoming delegation up and team lethargy, moving from organizational silos toward synchronized performance takes time and leadership. It also requires change at multiple levels, reshaping what team members believe and how they are organized.

As with any inheritance, taking over an existing team comes with significant

responsibilities. Once it's yours to lead, however, it's advisable—if not easy—to handle it deliberately. The stronger the team becomes, the more you'll be ensuring your own success and lay the groundwork that your successor won't have to confront the same challenges.

End notes

1 Lencioni, Patrick, *The Five Dysfunctions of a Team: A Leadership Fable*, Jossey Bass, 2002.

2 McChrystal, Gen. Stanley, Tatum Collins, et al., *Team of Teams: New Rules of Engagement for a Complex World*, Portfolio, 2015.

Author

Ajit Kambil

Global Research Director
CFO Program
Deloitte LLP
akambil@deloitte.com

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