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Thinking Differently about Teams

Work teams were among the most popular workplace innovations of the last decade, as shown in a careful survey of 694 manufacturing organizations by MIT economist Paul Osterman. He found that more than half the companies surveyed were using teams to accomplish work—and that 40 percent of the companies surveyed had the majority of their employees working in teams.[1] Findings from a 1998 survey of nearly 100 leading-edge companies by the Work in America Institute reinforce Osterman's findings. When asked to identify the research topics that would have the greatest value to their organizations, 95 percent of the respondents gave highest priority to "teamwork: creating and sustaining team-based organizations." That was, the Institute reported, the strongest response ever obtained on one of its surveys.[2]

But how well do organizational work teams actually perform? To judge from all the books and articles written about them, the answer is clear: Teams markedly outperform individuals, and self-managing (or self-regulating, self-directed, or empowered) teams do best of all. Here are some reports from the field, cited by Jack Osburn and his colleagues in *Self-Directed Work Teams: The New American Challenge*. At Xerox, the authors report,

> [P]lants using work teams are 30 percent more productive than conventionally organized plants. Procter & Gamble gets 30 to 40 percent higher productivity at its eighteen team-based plants. . . . Tektronix Inc. reports that one self-directed work team now turns out as many products in three days as it once took an entire assembly line to produce in fourteen days. . . . Federal Express cut service glitches, such as incorrect bills and lost packages, by 13 percent in 1989. . . . Shenandoah Life processes 50 percent more applications and customer service requests using work teams, with 10 percent fewer people.[3]

Heady stuff, that, and it is reinforced by back-cover blurbs for the book. Tom Peters: "Self-directed work teams are the cornerstone of improved competitiveness." Bob Waterman: "*Self-Directed Work Teams* seems too good to be true: dramatic improvement in productivity and a happier, more committed, more flexible work force. Yet . . . they do just what they promise for the likes of P&G, GE, and Ford."

Might the claims be a bit exaggerated? If so, it does not much concern me. Claims for management practices that have come into vogue are always exaggerated as enthusiasm grows and people seek to catch the wave—to sell books, to build consulting practices, to market training programs, to become gurus. What does bother me is the pervasive view, found in book after book, that it is easy to make a great team. Just *do* it and the benefits will start to flow. In the foreword to *Self-Directed Work Teams,* David Hanna, then manager of organization development at Procter & Gamble, identifies skepticism as the largest single roadblock to success: "Beware of skepticism!" he warns. "Self-directed teams really do work."[4]

Well, I want to violate my friend Dave Hanna's admonition and be just a little bit skeptical. I trust the accuracy of the numbers that are reported about productivity and service gains, but I am not entirely sure whether those numbers mean what they seem to mean. There are two reason why. One has to do with the attributions that are made about the causes of the obtained gains, the other with their likely staying power.

- *Causes.* After self-managing work teams are implemented in an organizational unit, the unit's performance typically is compared with that of a traditional unit (or, perhaps, with the same one before teams were installed). Such comparisons are fraught with interpretive ambiguities because there invariably are many differences between the units compared—such as in technologies, labor markets, senior managers, and so on. It almost never is the case that the *only* change is that work otherwise done by individuals or manager-led teams is now performed by self-managing teams. Was it the teams that generated the improvements, or was it one of the other differences? It is not possible to know for sure.[5]
- *Staying power.* When a new management program is implemented in an organization, be it self-managing teams or anything else, the unit where the changes are to be made invariably is scrutinized very intently. Taking a close look at any work unit that has been operating for a while almost always surfaces some inefficiencies and poor work procedures. As part of the change process, these incidental problems also are corrected—it would be foolish not to. But in doing so, an interpretive ambiguity is introduced. Was it the team design that resulted in the improvements found, or was it that a shoddy work system was cleaned up? I believe that virtually any intervention that is not itself destructive has a better-than-even chance of generating short-term improvements, simply because of the value of taking a close look at a work system.[6] The question is whether those short-term improvements are sustained over time as the newness wears off and inefficiencies begin to creep back into the work system. Again, it is not possible to know for sure—at least not without longitudinal data and an appropriate research design.

My skepticism is reinforced when I reflect on the research literature about the performance of task-performing teams.[7] Some time ago, social psychologist Ivan Steiner developed a simple model of team performance:

$$AP = PP - PL$$

In words, the model says that the *actual* productivity of a team equals its *potential* productivity (i.e., what the team is theoretically capable of, given the resources brought by members) minus process losses of the kind discussed in detail in chapter 6.[8] When I first studied Steiner's model, I was surprised to find that it did not have a term for process *gains,* the synergistic benefits that come from people working together interdependently. The model, I thought, should really read as follows:

$$AP = PP - PL + PG$$

Ivan encouraged me to go to the library and find evidence to support my additional term—which I did, but without success. When interacting teams are compared with what are called *nominal* groups (i.e., groups that never meet, whose output is constructed by combining the separate contributions of those who would have been members), nominal groups usually win. And when Steiner's model fails to predict empirical findings about team performance, it invariably is because the model is too optimistic—groups do not do even as well as his conservative predictions. So what is going on here? How can we reconcile the amazing reports from the field about the benefits of work teams with the gloomy picture that emerges from scholarly research on group performance? Do teams generate the benefits for their organizations that are claimed for them, or do they not?

My observations of work teams suggest that they frequently are found at *both* ends of the effectiveness continuum. That is, teams that are poorly designed and poorly led are easily outperformed by smoothly functioning traditional units. On the other hand, self-managing teams that function well can indeed achieve a level of synergy and agility that never could be preprogrammed by organization planners or enforced by external managers. Members of such teams do respond to their clients and to each other quickly and creatively, which can result both in superb task performance and ever-increasing personal and collective capability. Work teams, then, are somewhat akin to audio amplifiers: Whatever passes through the device—be it signal or noise—comes out louder.

To ask whether organizational performance improves when teams are used to accomplish work is to ask a question that has no general answer. Work teams can, and sometimes do, perform much better than traditionally designed units. But they also can, and sometimes do, perform much worse. Moreover, even if there were a clear answer to this question, which there is not, it probably would not make much of a difference in managerial choices about how performing units are designed and led. As we will see in this chapter, such choices are driven far more powerfully by managerial preferences and ideologies than by empirical research findings. Systems designers are not nearly so rational or data-oriented in assessing the costs and benefits of various organizational designs as some management theorists would have us believe.

OBSTACLES TO TEAM EFFECTIVENESS

Consider a team that meets all of the conditions that have been discussed in this book. It is a real work team, well bounded and reasonably stable over time. It has a compelling direction that energizes, orients, and engages the talents of team members. Its structural features—task design, core norms of conduct, and composition—promote rather than impede competent teamwork. It has an organizational context that actively supports and reinforces excellence through systems, policies, and managerial practices that are specifically tuned to the team's needs. And ample, expert coaching is available to the team at the times members most need it and are ready to receive it.

All of the evidence that my colleagues and I have been able to collect over the years suggests that a team that has these conditions in place would be likely to perform very well.[9] There is, however, no guarantee of good performance. The conditions we have explored in this book merely increase the *probability* that a team will be effective. There are always exogenous factors that can sink even a wonderfully designed team (the hurricane just swept the entire inventory out to sea) or rescue one whose design was so bad that failure seemed assured (the firm that was competing for the contract just went belly-up). Moreover, teams create their own realities. Sometimes, for reasons that cannot be discerned by an observer, a team creates a reality that is unexpectedly supportive of, or inimical to, productive teamwork. Because that is the way social systems work, all that leaders can do is apply their best efforts and skills to tilt the probabilities in a favorable direction. Not even the best team leader on the planet can make a team be effective.

Still, it is much easier to create the conditions that foster effectiveness for some types of teams, and in some kinds of organizations, than in others. Creating favorable conditions may be relatively straightforward for, say, a product development team in an entrepreneurial organization. The product development process lends itself to teamwork because it requires coordinated contributions from several different specialties. Product development teams generally have a clear and engaging direction, and perform whole pieces of work for which they are relatively autonomous and about which they receive direct feedback (i.e., the product is created and works, or it isn't and doesn't). There are no built-in obstacles to composing the team well or to establishing task-appropriate norms of conduct. Such teams typically have access to the information and technical assistance they need for their work, and substantial rewards and recognition commonly are bestowed upon successful product development teams. With ample material resources and a little coaching to help in navigating the rough spots, there is no reason why most product development teams cannot be primed for good performance.

Startup organizations, such as new plants or offices, also provide favorable settings for establishing the conditions that support team effectiveness. So long as those who design the new organizational unit are relatively free of structural or policy constraints imposed by a parent organization, they should be able to design a team-based unit in which the conditions for team effectiveness are in place. For this reason, many of the most successful team-based organizational startups have been located far from corporate headquarters. A remote location provides a measure of freedom from potentially constraining corporate systems and policies that is not enjoyed by units within sight of corporate offices. (Indeed, a number of highly successful team-based startups have gotten into trouble when corporate managers eventually discovered that the startup organization was ignoring or violating corporate policy in the interest of creating a favorable environment for teamwork.)

Yet there are many circumstances, perhaps the majority, when creating the conditions that foster team effectiveness is more like pedaling up a steep hill than coasting down a gradual one. Why should this be so? The conditions themselves are not subtle, complex, or difficult to understand. Indeed, they are just the kinds of things that an alert manager surely could learn from experience. Are there more fundamental obstacles on the road to successfully structuring, supporting, and leading teams? I have observed two such obstacles, one more commonly found in organizations that aspire to cooperative or democratic ideals, the other more characteristic of teams in established business corporations and public agencies.

The Co-op Obstacle

It has always bothered me that we in the United States, who cherish the principles of political democracy, so infrequently apply those principles to the workplace. Some years ago, therefore, I took a close look at worker cooperatives, organizations whose charters explicitly embrace democracy and where all important matters are decided by membership vote. Some of the co-ops I examined were so small that the whole organization operated as a single work team; others were larger enterprises that had many teams within them.

I found a number of successful work teams in cooperative organizations, but also a surprisingly large number of failures. The reasons for the failures are instructive. Too often, co-op members debated endlessly about their values, purposes, and collective directions—while competitors who had a more focused business strategy took their customers away. Collaboration and teamwork were so highly valued that virtually all tasks were done by teams, even those that would have been better performed by individuals. Egalitarianism and participation were such dominant values that members found it difficult to delegate real authority to any of their number. To maximize the choices of member-owners, team composition often was based solely on personal preference rather than on an analysis of the mix of skills that the work actually required. And, finally, I found members of many co-ops quite reluctant to establish and enforce the use of organizational structures and systems that could have supported teams in their work. The democratic ideals of co-ops are wholly consistent with the use of self-managing teams to perform work. It is ironic, therefore, that in cooperative organizations those ideals frequently get in the way of creating the very conditions that promote team effectiveness.

The difficulties sometimes encountered by cooperative organizations also occasionally are seen in other organizations, including businesses and public agencies, where ideological considerations come to dominate decision making about organizational structures and practices. Of all the