

Building Team Trust and Cohesiveness

Why Some Teams Succeed (and So Many Don't)

The key is how they're managed—and whether your company *really* supports teamwork.

Workplace teams have been studied to death in recent years, and the verdicts are in. They're a success—and a disaster. They lead to big productivity improvements—and they peter out ineffectively. People love 'em. People hate 'em.

In fact, says psychology professor J. Richard Hackman of Harvard University, researchers find that work teams cluster at opposite ends of the success continuum. Many function beautifully; many others fail miserably. Few are in the middle.

The good news is that teams *have* been so well studied and that people at so many companies have worked in teams for many years. All this research and experience have produced new insights into what distinguishes the successes from the failures. What matters most, it turns out, is how teams are managed—and whether the organizations they're part of provide them with the support they need.

THE BALANCING ACT

Managers responsible for team performance often fall into one of two traps. Some continue to act like traditional bosses, telling the team what to do and how to do it. Others think they're "empowering" the team by maintaining a hands-off policy. Neither approach works. The manager's job, writes Hackman in a study on teamwork, is to "maintain an appropriate balance of authority" between himself and the team.

What does that mean in practice? On the one hand, managers have to spell out the team's objectives unambiguously and unapologetically. That keeps teams from spinning their wheels over what they should be doing. "To authoritatively set a clear, engaging direction for a team," says Hackman, "is to empower, not depower, it." On the other hand, decision-making authority over the means to those ends should rest with the team itself. Team members can act as a team only if they have real responsibility—such as determining how to achieve their goals.

Practical experience has taught another lesson about teams' authority: the scope of their freedom of action can and should change over time. "What we encourage [managers] to do is start off very slowly and keep the boundaries pretty tight," says Tom Ruddy, a former

manager at Xerox Worldwide Customer Services. "As the team starts to grow and expand, and take on responsibility, start moving those boundaries out." Even with successful teams, Ruddy says, a manager needs to be involved. Even though a team may have a lot of decision-making authority, there needs to be a manager scanning the horizon to determine which direction the team should head next.

LEARNING TEAM SKILLS

Teams must be trained in teamwork: members often need help in skills such as listening, communicating with different kinds of people, and staying focused on the task. This is not news. But companies have learned—often the hard way—that the common approach of "train first and 'team' later" isn't effective.

A better alternative: Periodic training. "We used to bring [team members] into a room and take them through an intensive training," says Ruddy. But team members didn't know what they needed to learn. So Xerox spread the training out: a session aimed at developing norms of behavior, for example, is followed by a few weeks on the job and then another session to revise the norms. "It's on-the-job training, rather than just 'inoculating' them all at once."

Experience also shows that nothing teaches teamwork like working on teams over a period of years. Members don't just have to learn new skills; they must also unlearn traditional roles. Linda Savadge of the Educational Testing Service in Princeton, N.J., has served on several teams. "It took a couple of years serving on different teams before the hierarchy within the team started to disappear," she says. At Xerox, members of one team realized they were so dependent on their manager that they had to take drastic action. "We told the manager he wasn't allowed to come to any meetings" until the team functioned better on its own, says Rick Crumrine, a customer-service engineer.

GOALS AND METRICS

Researchers have long known that any successful team is focused on performance. The team has a well-defined set of goals and agreed-upon methods for achieving them. What's more, members hold one another accountable for the performance of the whole group. These characteristics distinguish a true team from a conventional department

or work unit. “A team,” wrote Jon R. Katzenbach and Douglas K. Smith in a classic *Harvard Business Review* article, “is a small number of people with complementary skills who are committed to a common purpose, set of performance goals, and approach for which they hold themselves mutually accountable” (“The Discipline of Teams,” March–April 1993, #4428).

But goals and accountability require metrics allowing teams to assess their progress. One mark of a successful team is that members understand this fact and design their own measurements. Crumrine’s team, for example, noticed some performance problems and created in-process measurements that allowed members to evaluate their work day-to-day. “Instead of waiting for Xerox to send us information on how we’d done, we could check any time during the month and see where we were.”

The latest insight on performance measurement: Metrics need to be related to business goals, not just operational goals. Rather than pursuing a goal of better on-time delivery, say, teams need to focus on both the on-time rate and its business payoff—customer satisfaction, customer retention, and the like. “Teams need to understand the business ingredient of what they’re doing and how they can affect that,” says John Spencer, former director of the Camera Technical Center

at Eastman Kodak (Rochester, N.Y.). Watching the bigger picture helps members balance multiple and sometimes conflicting objectives. It also helps them understand when it’s time to declare victory—or defeat—and move on. “We have no problem saying, ‘We’re going to cancel this,’” says Spencer, since the teams at Kodak know the business reasons behind the decision and can “refocus around something that does make [business] sense.”

COMPANY SUPPORT

When teams first became popular, many companies established them—and promptly forgot about them. Since then, researchers and practitioners have learned that successful teams require ongoing support from the whole company or unit. That support may involve extensive changes. Orientation and training, for example, must be geared toward teamwork. Managers may need to be assigned to work on teams so they have firsthand experience with team-related issues. Joseph Reres, a partner with Potomac Consulting in Great Falls, Va., recommends setting up a “steering committee” to monitor the work of teams—and to ensure managers are helping rather than hindering teamwork.

Companies are now beginning to grapple with other forms of support, and not all have done so successfully. Two key areas:

SIX FACTORS OF SUCCESSFUL TEAMS

What makes workplace teams work? Researchers and practitioners identify six factors:

1. A clear set of objectives, spelled out unambiguously by management.
2. Metrics allowing team members to assess their performance—and showing the connection between the team’s work and key business indicators.
3. Ongoing training—not a one-shot deal—in communication, group leadership, and other team skills.
4. Decision-making authority over how to reach goals. But managers may need to start slowly and expand teams’ scope of authority over time.
5. Team-based rewards and evaluation, not individual incentives.
6. An open culture, with easy access to team-specific information and to senior management.

▪ **Evaluation and compensation.** “One of the hardest things for a company is to recognize that if they have installed teams, they need to reward based on teams,” says Fritz Mehrstens, a leadership consultant in Irvine, Calif. “Companies say, well, we have an annual performance review, and we give [individual] bonuses, promotions, and whatever based on that review. That tends to destroy the team—and it’s a key part of the support structure that the company needs to change.”

▪ **Information systems—and access.** Teams can’t function unless they get good information. IT departments, for example, may need to create systems that deliver team-specific data. And senior management must stand ready to give teams needed information. “That means the CEO shouldn’t be upset if a team member walks into his or her office and says, ‘I hear you said such-and-such, and I need to know more about that,’” says Mehrstens. “The company needs to develop an open culture that allows team members to communicate wherever they want to.”

On the face of it, says Harvard’s Hackman, “the conditions that foster team effectiveness are simple and

Why Some Teams Succeed *continued*

seemingly straightforward to put in place.” Yet what’s required for success can be a wrenching organizational change, threatening the turf and interests of powerful people inside the company. Indeed, setting up the conditions that make for successful teams is “more a revolutionary than an evolutionary undertaking.”

That isn’t an argument against team-based organization, which can have huge payoffs. But it is an argument for taking teams seriously, evaluating whether they can work, and doing what needs to be done to help them succeed. Left to their own devices, they won’t make it. ♦

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How Will You Make Your Team a *Team*?

by Paul Michelman

What do you do when the whole of the team you're leading appears to be less than the sum of its parts? Everything seems to be in place: solid people, a demanding but ultimately reasonable plan, sufficient resources. Yet there's still something missing from the effort, and finding a solution to this problem falls squarely on your shoulders. No, leaders can't single-handedly boost performance, but they can guide the tone, the tempo, and the mechanisms that create the opportunity for better things.

Begin by considering this seemingly simple question: Does the group you have assembled view itself as a team? Often, executives "have recruited and promoted a number of executives, all with specific goals and objectives," says Rodger Stotz, vice president of Maritz, a St. Louis-based performance improvement company. "Whether these individuals see themselves as a team is another thing." Perhaps they have "noncomplementary goals and are encouraged to compete with each other for resources and recognition."

So a leader's first step is often to declare that a team exists and to support that assertion with "clarity as to how the participants are to interact and support each other," says Stotz. While leaders must encourage trust and support, they should also provide an environment that promotes disagreement, says Patrick Lencioni of the San Francisco-based management consulting firm The Table Group. "Healthy conflict enables teams to bring all team knowledge and opinions to the surface, which leads to better decisions."

Performance expectations—and the accountability measures that should ride shotgun with them—must be as clear as those governing behavior. This applies both to the team as a whole and to the individuals who make it up, says Hellen Davis, CEO of the Philadelphia-based consultancy Indaba Training Specialists. "Each person should know the stakes and clearly grasp how others will determine whether they meet expectations, fail to deliver, or exceed expectations." Says Lencioni, "Teams that cannot hold one another accountable are susceptible to allowing individual and department priorities to supersede the goals of the team."

The expectations you set as a leader become building blocks for the shared vision held by the most effective teams. "Most people have an idea of what they are trying to achieve," says Marcia Reynolds, author of *How*

to Outsmart Your Brain (Covisioning, 2001), "but their picture of what this destination looks like varies, causing differing goals, priorities, and needs. Visions need to be visual and specific, then negotiated so everyone is focused on the same path." The development of a shared vision might begin with a discussion of how the team builds value.

A compelling vision, based on clear goals and expectations, is only as effective as the communications strategy put in place to support it. Again, it's up to you to set the pace. Steve Farber, author of *The Radical Leap: A Personal Lesson in Extreme Leadership* (Dearborn Financial Publishing, 2004), suggests seeking "extreme feedback on your own performance. Put your own ego directly at risk and ask, How am I doing?" A leader's willingness to hear criticism establishes the model for others in the group to follow, while creating "a strong human connection that engenders commitment and loyalty," he notes.

Effective communication is more than simply the currency of interpersonal commitment. Managers in IBM's Engineering and Technology Services group who were surveyed for this column say it is the core of a team's operational effectiveness. To exploit opportunities that arise, team members must "communicate constantly—so they understand direction changes, updates, and key issues" as they evolve, says IBM's Cary Ziter. This is essential to the process of building value. As an example, he notes, "if the Research Group [at IBM] has just earned a patent on an important technical innovation, can the design engineers leverage that intellectual property in a current or near-term client engagement?" This is possible only if project managers continually convey their knowledge of what's going on to other parts of the company.

To support this kind of behavior, Bill Treasurer, author of *Right Risk: 10 Powerful Principles for Taking Leaps with Your Life* (Berrett-Koehler, 2003), suggests that leaders establish systems that "reward team members who give others the heads-up on changing circumstances, updated information, or potential risks.

"The best team members," he continues, "anticipate the needs of one another." ♦

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Make Your Good Team Great

Increase group emotional intelligence to increase group results.

by Judith A. Ross

High-functioning teams are what make high-performing companies click. Whether the task is to create an innovative service or implement a new system, groups rather than individuals are shouldering more of the burden than ever before. The ideal team merges individual talents and skills into one superperforming whole with capabilities that surpass those of even its most talented member.

Yet, in reality, many teams fail to get close to that utopian ideal. Members do not work together as seamlessly as they could. People disengage, information goes unshared, wires get crossed, and time and money are wasted.

What distinguishes top teams from the rest? High-performing teams aren't the result of happy accident, research shows. They achieve superior levels of participation, cooperation, and collaboration because their members trust one another, share a strong sense of group identity, and have confidence in their effectiveness as a team. In other words, such teams possess high levels of group emotional intelligence (EI).

Like individual EI, group EI has to do with an awareness of emotions and the ability to manage them in a healthy, productive manner, says Vanessa Urch Druskat, an associate professor at the University of New Hampshire and a pioneer of the concept. A two-year study in which Druskat and Steven B. Wolff, a research consultant at Hay Group (Philadelphia), examined cross-functional drug-development teams at Johnson & Johnson revealed that group EI was the biggest predictor of team success.

Building an emotionally intelligent team requires developing emotional competence for the group as a whole. A team, like any social group, is governed by shared attitudinal and behavioral norms, which, though sometimes unspoken, are understood within the group. Teams that enjoy high levels of group EI, Druskat and Wolff say, have established norms that strengthen trust, group identity, and group efficacy. As a result, their members cooperate more fully with one another and collaborate more creatively in furthering the team's work.

"When you create a climate of trust and the sense that 'We are better together than we are apart,'" says Druskat, "it leads to greater effectiveness."

Implementing the following three practices will get

your efforts to build your team's EI off to a solid start, say Druskat, Wolff, and other experts:

1. MAKE TIME FOR TEAM MEMBERS TO APPRECIATE EACH OTHER'S SKILLS

Interpersonal understanding is critical to trust, which, in turn, is critical for the flow of ideas and information. The group must be aware of each member's skills and personality. When a group is first formed, it's smart to hold a launch meeting that has time built in for introductions and socializing. Members can get acquainted with one another as they start hammering out team goals and creating a shared vision of success.

Once a team is established, taking five minutes at the beginning of regular meetings for members to share work progress and personal reflections helps fortify the group's understanding of each individual and how together they all contribute to a common goal. "People on teams where people knew one another better were more efficient and got more work done," Druskat says.

Some teams, such as the accounting team at Xerox Canada in North York, Ontario, tasked with achieving year-one adherence to Sarbanes-Oxley Act accounting and disclosure rules with new leadership and only six months remaining to obtain compliance, use more formal mechanisms. To showcase their skills and experiences, members took turns at a weekly meeting sharing a past success or crucial lesson. One member, whom others had discounted because she lacked a finance background, described how in a previous role she had managed the push and pull of providing customers with specific services by persuading internal people—people over whom she had no formal authority—to do the work required to deliver those services.

Her presentation opened her teammates' eyes to the value she could provide, says Denise Holmes, manager of internal control at Xerox Canada. Achieving compliance meant a lot of additional work on business owners' behalf and thus her experience, closely related to this task, increased other members' trust in her and enhanced the group's emerging sense of itself as a talented, capable collective that would be able to meet the formidable challenges that lay ahead.

2. SURFACE AND MANAGE EMOTIONAL ISSUES THAT CAN HELP OR HINDER THE TEAM'S PROGRESS

It's important to establish comfortable, group-sanctioned ways to express the inevitable anger, tension, and frustration that arise in a team endeavor and to positively redirect that energy. "Inevitably, a team member will indulge in behavior that crosses the line, and the team must feel comfortable calling the foul," Druskat and Wolff write in their *Harvard Business Review* article, "Building the Emotional Intelligence of Groups" (Reprint # R0103E).

Both humor and playfulness can be helpful tools in defusing conflict and relieving tension. One team at the worldwide innovation consultancy Ideo (Palo Alto, Calif.), says Druskat, tossed soft toys over cubicle walls when feelings ran high. Besides lightening the mood, this action served as a reminder that the group had established norms for expressing difficult emotions, thereby making them feel less threatening to individuals and to the group as a whole.

In another approach, the Xerox team members wrote down their gripes, clipped them to play money in denominations from \$1 to \$100 depending on how serious they felt the issue to be, and dropped them into an "opportunities" jar. Their gripes were discussed at meetings, starting with problems attached to larger denominations.

The process enhanced the group's emotional competence in several ways. First, it increased trust by fostering openness and decreasing the temptation for members to express their frustration in destructive ways. "Setting up a place where people can deposit something that bothers them allows them to get it off their chest and continue with their day," says Linda Lopeke, president and CEO of Lexicorp Services in Mississauga, Ontario, who coached the Xerox team.

Second, those with complaints saw them dealt with fairly and positively. In response to a complaint that an overly gregarious (and unnamed) team member was a distraction, the group developed a good-natured solution: small placards for the backs of their chairs reading "The doctor is in" or "The doctor is out." Holmes explains that when the doctor was "in," visiting was OK; when the doctor was "out," it wasn't.

Third, the jar truly did offer opportunities by enabling members to expand skills while helping forward the team's work. For example, the jar revealed that members were unable to get past the Xerox firewall when working offsite. The individual who volunteered to troubleshoot was not an IT specialist but had enough computer knowledge, curiosity, and persistence to find and eliminate the glitch.

3. CELEBRATE SUCCESS

Building the EI of a team also requires the expression of positive emotions, such as gratitude for going the extra mile or pride in a job well done. Recognizing individual and group achievements not only strengthens a team's identity, but it also spotlights its effectiveness and fuels its collective passion for excellence. For instance, Xerox Canada created a "Wall of Fame" to honor members of the Sarbanes-Oxley team.

"Celebrating positive emotions is very easy to do," says Druskat. Giving each other high fives, toasting one another at dinners, or simply clapping for someone in a meeting—it's amazing, she says, what such simple acts "can do for building a sense of solidarity, efficacy, and identity."

AN ADDED BONUS

Xerox Canada's Sarbanes-Oxley team achieved its objective of 2004 compliance, attracting positive attention from the entire organization in the process. Its celebration of its members' accomplishments, its recognition of other teams' contributions, and—above all—its success at meeting a very challenging goal gained it such widespread attention within the company that it is now inundated with applications when a job is posted.

This is not surprising, says Druskat. "People want to belong to something that they think is effective." ♦

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Team Camaraderie: Can You Have Too Much?

Fostering closer relationships can help boost performance.
But too much affiliation can drag you down.

by Judith A. Ross

In business, as in sports, winning teams have a well-honed sense of camaraderie that helps team members read one another's signals, move as one, and watch each other's backs. In management circles, this sense of commitment and connection often is referred to as affiliation, and many experts consider it an essential component of effective teams. The more people value their relationships with one another, the thinking goes, the better they will perform for one another and, thus, for the organization. But can you have too much of a good thing?

According to a new study of 20 executive leadership teams from Fortune 500 companies conducted by the Philadelphia-based Hay Group, you can. While confirming that affiliation is a crucial component of effective teamwork, the study also showed that too much emphasis on positive relationships, especially by the team leader, can actually hamper performance. While leaders must foster conditions that promote trust, cooperation, and commitment, they cannot allow relationships to come before work. Instead, they should set well-defined boundaries that allow them to make the kind of clear-eyed business decisions that will put their teams in the best position to succeed.

The goal for managers of all levels is to find the right balance: cultivate enough affiliation so that team members feel a shared sense of commitment, but don't place so much emphasis on the value of relationships that your ability to make tough decisions becomes imperiled. Leaders need to be careful to set the right tone within their own teams, and they need to keep a keen eye on how managers who report to them are striking their own balances.

WHEN LEADERS GET TOO CLOSE

Leaders who place too high a premium on affiliation will work to maintain smooth team relations at the expense of team performance. For example, they may prevent or shut down important discussions because they view even respectful disagreement as a threat to team harmony. Trying to be part of the gang may also leave them unable to make dispassionate decisions for the good of the team—such as who gets to play and who gets benched.

“A leader can't value harmonious relationships more than putting the conditions in place that will allow the team to do well,” explains J. Richard Hackman, professor of psychology at Harvard University. “If you are a team leader, you don't want to have the group turn into a nice, comfortable, happy, collegial setting if sharp decisions need to be made—such as who is on or off, or difficult choices around power issues.” (For more of Hackman's ideas, see “How to Be the Best Coach for Your Team,” reprint # U0511B.) And yet the desire to work in a comfortable setting is powerful and can lead managers to bend over backward to avoid direct conflict occurring within the team.

But closing down uncomfortable discussions can lead to business problems. Take, for example, a team rolling out a new product. At the launch a decision was made to change the company's signature color from red to blue to distinguish it from the competition's. TV spots, coupons, and advertisements at sporting events all heralded the arrival of the new product. When it was time for the launch, the product was still in the old red package.

Why? Because when the operations manager got hot under the collar while questioning how he would budget the new packaging, the president cut off the conversation, and the issue was never resolved. “Without robust discussion, people will make assumptions that they know what the decision is when, in fact, they don't,” says Mary Fontaine, Hay Group's vice president and general manager.

FACILITATING HONEST CONVERSATION

Encouraging truly open debate doesn't come easily to all managers, especially those who value relationships the most. To help deal with the tensions that can emerge when leaders encourage honest conversation, Karin Mayhew, senior vice president of organization effectiveness at Woodland Hills, Calif.-based Health Net, offers the following tips for team leaders:

- Resist your urge to defend a point of view and thus minimize debate.
- Instead, shift your focus to getting data from all parties involved to support their opinions.

FOSTERING GLOBAL-TEAM AFFILIATION

People who work well together usually seek some level of affiliation. They may not be friends—in fact many people do not want that close a relationship with co-workers—but they do like to establish some common ground with their colleagues.

While a certain level of familiarity occurs naturally when people work in the same location, it is difficult to build within global teams, notes Debra Nunes, vice president, executive leadership team practice for the Hay Group. Here, the leader plays a critical role.

One leader Nunes worked with needed to facilitate collaboration among the multiple entities of a recent acquisition. To help boost this process he sponsored an elaborate premeeting dinner with no chairs. It forced people to move around. “They were not just talking with people they came with but with those from other locations,” says Nunes.

At the other end of the spectrum was a leader who, in launching a new business unit, was unable to get his far-flung team to collaborate. “He was trying to create synergies across regions,” says Nunes. “The things he asked in terms of people working together were not being put into action. We found that people weren’t implementing because they didn’t trust each other. The reason they didn’t trust each other was simply because they didn’t know each other.”

The problem was that the team leader was an all-business type—he didn’t build time into meetings for people to socialize. Once the leader began to allot time for people to talk informally, they established some common ground around nonbusiness topics of parenting or negotiating moves to different geographies. “They were then able to share interests and became much more willing to work together,” says Nunes. Team members began to confer with each other between meetings, not simply during them. Tasks that were previously done in parallel and then “sewed together” at the end by one team member were now approached collectively. “Whereas previously they had come to the table as regional representatives ready to fight for resources,” says Nunes, “they now came with a divisionwide perspective.”

Karin Mayhew suggests that leaders raise the issue of team dynamics the first time the group meets. “Just as you are laying out your expectations, you also talk about what it’s going to be like to work together. You ask the team to define the ground rules as well as the things they think are important to do together.”

- Get all the data and all the opinions on the table—until you do, you can’t shift to action planning.

- Resist the tendency to push the differences out of the room or minimize them (a trap for the affiliative types). You can always take a break, collect your thoughts, and summarize when you reconvene.

- Thank outspoken team members for their candor. It can be scary to voice contrary opinions; acknowledging that sets the tone for future interactions.

GAINING SOME SEPARATION

Mayhew has observed that affiliative leaders find it difficult to separate themselves from the team, as evidenced by their strong desire to include everyone in all aspects of decision making. For example, an affiliative leader may bring the entire team to a meeting meant for senior executives.

“I often hear euphemisms like, ‘I’ve got to bring everybody up to speed,’ or ‘Everybody’s got to be onboard,’” she says. This can put a serious crimp in the decision-making process. When leaders insist on bringing everyone in on meetings where key decisions are being made, decision makers find it more difficult to be candid. “You get a much more homogenized conversation,” she says, and core issues may never surface. Instead, Mayhew recommends that leaders gather input from their teams before heading into the decision-making forum; she stresses the importance of soliciting input that goes beyond agreement or disagreement and covers the implications for the team’s work.

Leaders also should clearly state how the decision will be made and by whom. “While it doesn’t solve the problem of the team feeling left out of the meeting,” Fontaine adds, “it does make them feel valued. Briefing the team after the meeting should also be a part of the process.”

One thing a leader should not do is query some team members but not others. Not only does this scream favoritism, but it also fosters an atmosphere of “in” groups and “out” groups. Fontaine stresses that leaders should spend an equal amount of time with all their direct reports—even the ones they may not like personally.

BE WARY OF EXCUSE MAKERS

One more sign that a manager may place relationships over performance is when they make excuses for underperformers. “You will hear a lot about the person’s

Team Camaraderie *continued*

effort or stellar personal characteristics,” says Mayhew. To overcome this pitfall, the leader should establish concrete goals for all employees and measure results against those goals—and he should accept and solicit feedback from others. “That way it’s not just your lens on the performance,” she says. The more analytical your approach to judging an employee’s performance, the less personal it becomes. ♦

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Are You Rewarding Solo Performance at the Team's Expense?

by Anne Field

Here's a cautionary tale of good intentions gone awry. Several years ago, a major manufacturer's executive team, looking to boost productivity, studied the management practices of other large corporations. The team's conclusion: Borrow a page from General Electric's then-CEO Jack Welch and regularly rank employees. Lavish rewards on the top performers, and routinely let go of the bottom 10%.

What the team didn't foresee was the disastrous effect the new system would have on teamwork. The rank-and-yank approach certainly did drive individuals to strive for stellar results, but it motivated them to do so at the expense of their teams. Because it tacitly encouraged people to keep their best ideas to themselves, it inhibited a key ingredient in any successful team: free information flow. Individuals took to revealing their ideas only at high-profile events and presentations, hoping to wow their boss and their boss's boss.

"People were keeping secrets from each other," says Justin Menkes, a Los Angeles-based management consultant and the author of *Executive Intelligence: What All Great Leaders Have* (Collins, 2005). "It really killed efficiency." Not only did collaboration and cooperation suffer, but so did the quality of ideas; without the benefit of others' input, many of the managers' long-hoarded ideas were underdeveloped and failed to wow anyone.

A stated commitment to teamwork is the norm at most companies today, as standard a part of corporate life as cubicles and yearly performance reviews. Yet many performance-management and incentive systems are so focused on individual contributors that they inadvertently undermine teamwork.

It's a real conundrum: of course, companies want to motivate individuals, especially their high performers, to work at the top of their form. And when an individual turns in a winning performance, she expects recognition. But how do you motivate individual contributors to shine in lead roles while simultaneously shaping them into strong ensemble players? It's a challenge requiring a stage director's dexterity and diplomacy, but it can be done. What follows is advice from thought leaders and practitioners on the policies and practices that drive stellar performance on both the individual and team levels.

REWARD BOTH

It's almost too obvious to say, but here it is: reward both individual and team performance. "Rewards are a powerful signal," says Bradley Kirkman, associate professor of management at Texas A&M's Mays Business School, in College Station, Texas. "People are going to do the kind of work they're rewarded for. If you want people to work together but concentrate your energies on rewarding the individual, there won't be any significant cooperation."

Silver Spring, Md.-based consultant Howard Ross points to a car dealership that compensated its 20 employees only on individual sales. While the system encouraged people to hustle, it also gave them an incentive, says Ross, "to behave badly toward their fellow employees"—by stealing one another's customers, for example. Salespeople spent time trying to undermine colleagues instead of devoting it to customer service. Worse, clients started to notice the chilly, unfriendly atmosphere in the store—and it affected sales.

Ross helped the dealership put in place a system that compensated people for the results of the group as well as for individual sales. The change not only created a new sense of camaraderie, something that customers quickly picked up on, but also improved employee retention.

For a dual-focus incentive system to be effective, employees need specifics about how much performance in each sector counts—say, 40% for individual performance, 60% for team performance. Such precision and clarity will communicate unambiguously just what type of results you value and provide guidelines about how employees should behave.

As a case in point, Kirkman cites a study that divided Xerox technicians into three groups: those who were individually paid, those who received team-based compensation, and those who were awarded both individual and team-based compensation. Surprisingly, the group with the worst results was the one with mixed compensation. But an easily avoidable factor was to blame: managers had failed to specify exactly how employees should divide their time between team and individual activities. As a result, employees were confused about just how much time and effort to devote to their individual

REWARDING TEAMS AT THE EXPENSE OF THE ORGANIZATION

The challenge of balancing individual vs. team performance has an analogue at a more macro level: balancing team performance vs. that of the organization as a whole. Silver Spring, Md.-based consultant Howard Ross tells of team incentives that had a very unwelcome consequence. The CEO of a computer chain initiated a sales contest among stores, giving employees at the winning location a sizable bonus. This had the unintended effect of bringing interstore cooperation to a standstill—losing sales and customers. For example, one corporate customer approached a store about an unusually large order, a request that was so big the location didn't have enough inventory to fill it immediately. The store manager called a nearby store to see if it could help fill the order. That store's manager refused, not wanting to put his team at a disadvantage. The result: The customer took his business to another chain.

and team results. "They weren't sure what to commit to each task," says Kirkman.

ALIGN INDIVIDUAL AND TEAM PERFORMANCE METRICS

As much as possible, use the same or similar metrics to evaluate both team and individual performance. Consider Home Depot's overhaul of its performance management system several years ago. The first step for the Atlanta-based home repair giant was to standardize metrics used to assess employees across the board; previously, there were more than 150 different appraisal forms being used throughout the company. The new metrics were grouped in four categories: financial, customer, operational/process, and people outcomes. For example, a store manager's financial metrics would include store sales and profits; his customer metrics would include customer-satisfaction scores; his ability to realize operational efficiencies would go under operational/process outcomes; and people outcomes would include employees' ability to meet goals.

Then, says Don Allen, senior organizational effectiveness consultant at Home Depot, the company instituted an award to be given to teams that met or exceeded their goals. The metrics used to measure team performance fell into the same four categories as the individual metrics. Allen credits Home Depot's impressive revenue growth

over the past several years to this change in the reward system along with other significant enhancements to HR, IT, merchandising, and marketing processes: from 2000 to 2005, the company's yearly revenues jumped from \$46 billion to \$81.5 billion.

INCLUDE PEER REVIEWS IN EVALUATIONS

To make teamwork integral to an individual's performance review, include peer assessments. For instance, Allen says that at Home Depot, team members participate in regular 360-degree evaluations of one another's leadership ability, and the results are included in reviews.

Nancy Beaulieu of Harvard Business School points to a mutual fund company whose performance evaluation system for portfolio managers has proven highly effective at motivating teamwork. Because financial results are obviously important, and because accurate and objective measures of results are readily available, 60% of a manager's bonus is determined by the financial performance of the funds she directs. The remaining 40% is dependent on the quality of her teamwork, assessed through structured feedback gathered from team members, such as analysts and traders, and analyzed by top managers.

A caveat: To make such an approach work requires significant time and effort. The mutual fund company conducts these evaluations every six months. And, to make sure they're objective and thoughtful, respondents must include substantive explanations for their insights, and they are then interviewed by managers. "It takes a huge investment to collect this kind of data, and, just as important, an extraordinary amount of trust in the evaluation system and the people doing the evaluations," says Beaulieu.

CLEARLY ARTICULATE THE ORGANIZATION'S OVERALL GOALS

"Individuals and teams cannot be aligned unless they both understand how they fit into the larger mission," says Jim Haudan, CEO of Root Learning, a Maumee, Ohio-based strategic learning consultancy. Haudan recalls a pharmaceutical company trying to expand its product line past its one successful offering. Trouble was, while teams were working together to produce several products, the salespeople on the teams were really only pushing the established item. Because they were compensated on the basis of volume, the salespeople concentrated on the easiest sell. The company eventually changed the compensation system so that it rewarded salespeople

HOW TO BOOST TEAM PERFORMANCE

Anand Sharma, CEO of TBM Consulting Group, in Durham, N.C., learned early in his career how the wrong performance measurements can cripple a complex team project. As the project manager for a major manufacturing company, he oversaw a group of engineers charged with producing a series of subcomponents for a new subway. Although the engineers, who belonged to different functional units, did great work on their own particular assignments, the subcomponents, when put together, repeatedly failed to work. “It was embarrassing,” Sharma says. “We were constantly going back to the client and explaining what had happened.”

The problem was that each engineer was being supervised and rated by his own functional manager. As a result, the engineers weren’t focusing on making their products work together but, rather, on producing something their managers would like.

Sharma’s solution: First, he changed the review system so that 60% was based on his evaluation as project manager and 40% was based on the functional manager’s review. Second, he insisted that the engineers work together in the same location. After two weeks of nearly nonstop work, they completed the project.

for helping forward the company’s goal of expansion by pushing new products.

BUILD RELATIONSHIPS

In the end, fostering strong team performance while giving individuals encouragement to shine at solo efforts comes down to dexterous, emotionally intelligent management. The leader “must empower the team as a whole, so as to create a climate where the team feels encouraged,” says Gilad Chen, associate professor of management and organization at the University of Maryland’s Robert H. Smith School of Business, “but each member must feel he is supported.” The likely result: Because individuals know they are being recognized, they will contribute more to the team’s success than they might otherwise. ♦

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