Brief

For those too busy:
The latest research, thinking
& news on growth pace and delivery
from around the world

Why top teams are so tough to tame - and what to do about it

Executive teams are uniquely difficult to manage

Everyone has a 'day job' for which they are uniquely responsible and on which their career often depends. People who get to the top are already successful, often have big egos and strong views, and are good at working the politics. They are unbelievably busy and have no time to 'team-build'. These elements combine to form a 'centrifugal force' which drives the team apart and which can only be counteracted by strong leadership and commitment to a common purpose.

Barriers to teamwork

According to a Marakon survey of senior executives across nearly 200 large corporations:

- Top management spend little time together as a team - on average just two days a month.

- Companies use ad-hoc agenda setting - 51% say the agenda is static, designed around the issues of the moment or set up to provide everyone in the room with a platform, rather than focusing on business priorities.

- Only 5% have a disciplined approach to ensure time is spent on what are known to be the strategically important issues.

- Crises of the moment or relatively routine administrative issues drown out most agendas. On average, top teams spend three hours a month on the strategically important issues.

- Executive meetings are not structured to produce effective decisions. 65% are focused on information sharing or discussion without decision. Only 12% produce strategically driven decisions on a consistent and regular basis.

- Bloated membership - based on politics, loyalty and hierarchy - leads to teams that are too large (7-9 members is best) which impedes effective decision making.

How to improve top team performance

We searched for the best and latest insights into what makes top teams more effective. There is not much here that is both good and new, but this is a summary of the best. The publications we referred to included a range of work by consultants McKinsey, Marakon and Booz as well as Harvard Business Review articles (including *How management teams can have a good fight*).

There are five themes across this literature:

1. **Build and maintain a shared understanding of direction and goals**

   Shared understanding sounds obvious but this can often be mistakenly taken for granted. When the members of a top team in a well-known energy company were asked to write down their priorities the total was 23, and only two were on all lists. To compound this, there were inconsistent approaches to the execution of goals by each member because of inadequate focus on the practical meaning of what had been agreed.

   Shared understanding is insufficient if the team spend their time simply fire-fighting, ie dealing with the latest current issue. They may share a common approach in the moment, but they may not have a shared view of longer term goals.

   Some companies put aside three or four sessions a year to look at strategic or bigger picture issues (those that are beyond this year's performance).

   Another approach is to separate operations from strategy by creating a strategy committee and an operations committee as sub-committees of the executive team. An alternative version of this is that the full executive team meets as the strategy committee from time to time.

2. **Build and maintain trust and team skills**

   Two-thirds of top teams say trust is an issue and leads to the withholding of information, hidden agendas, or agreeing through fear of retaliation.

   The key to building trust is to create an environment within which members can reveal vulnerability and where team members feel safe enough to admit mistakes and weaknesses and get help. Trust will be built by repeat experiences of this kind which, in turn, rely on the chairing by the CEO to help create a safe environment, including demonstrating vulnerability themselves.

   Trust will be built where competitive behaviour is discouraged and optimisation of total business performance is put before individual point scoring.

   The best way to build team skills is to make 'groundrules' explicit, clarify team responsibilities alongside individual responsibilities (and give them equal weight), give regular individual and team feedback, and show open celebration and affirmation of good practice, but not by classic team building exercises.

   Rather than spend time on generic team exercises, the research suggests that the best way to build strong executive teams is to use the 'real work' as the vehicle for continuous development.

3. Seek constructive conflict and deliver value-creating decisions

Constructive discussion and effective decision making require healthy conflict. Artificial harmony means apathy - and unhealthy conflict is poisonous. People avoid conflict in the room for a whole host of reasons, including politics, self-preservation and the simple desire to keep meetings short.

Productive and well-managed conflict - that leads to clear decisions - is one of the most important routes to success for an executive team. Bart Becht, CEO of Reckitt Benckiser cites it as one of the main drivers of the company's long term outperformance of peer group competitors. (See our *Brief* with the case study*: Is your executive team like and Italian family dinner? Conflict is good: Reckitt Benckiser as a case of sustained growth.*)

Constructive conflict requires a shared understanding and team trust. It requires team members to read the papers and understand the issues before a meeting. It requires strong evidence and options so that debate is not focused on opinions. However, one survey showed that 80% of executive members do not spend time analysing the root causes of problems or challenges. This in turn depends on good pre-work and well chaired discussions.

Effective executive team meetings are designed around decisions, not discussion. What is the purpose of this part of the meeting? Is it to make a decision? Is it to share information? Is it to receive instructions from the CEO? Is it a mutual support group? Decisions take different forms and the design of that part of the meeting should reflect that and make it explicit. There are four types of decisions for a leadership team:

a. *Unilateral*: the CEO (or CFO, or any other team member) makes the decision on their own, and then shares the decision and rationale with the group so they are all able to understand it and play their role in ensuring its success

b. *Consultative*: the CEO (or other team member) seeks input and ideas, but will make the decision and expect everyone to support them, even where they had expressed a different view

c. *Consensus*: the CEO asks the team to discuss, and guides them as a team to reach a conclusion on which everyone can agree

d. *Delegation*: the CEO (or any team member) empowers another team member to make a decision (and tell the team what they have decided).

4. Ensure unwavering commitment, urgency and unapologetic accountability

Once a decision is made, the whole team needs to be unwavering in its commitment to accept and deliver the outcome - with pace - even when team members had started with

different points of view. The CEO will need to check this before ending the meeting and pick up with anyone who fails to follow through positively.

Only 20% of top teams believe they are high performing. CEOs can channel this discontent to consciously raise the game of the top team by instituting new and better decision making.

And all the unity and urgency by the team must be visible to the rest of the business. If disagreements and politics in the top team are carried outside the room, they are always amplified by gossip and rumour.

5. Invest in renewal, fresh data and readiness for change

A quarter of top team members do not feel stretched. Sometimes it is because they self-limit by avoiding information, challenges and tasks that take them out of their comfort zones. Sometimes they are not given the space, information or permission to stretch themselves to give more to collective leadership.

Top teams who pay attention to changes in the outside world (competitors, clients and markets) are, as a result, better able to step outside their current plans and context and question themselves. Bringing new data and fresh facts into the room regularly prompts clarity, focus and lack of complacency. It gives the team the vital 'weak signals' that it needs in order to anticipate necessary changes.

Executives who reach the top often feel they are highly skilled and stop any personal training, development or coaching (compared to when they were on the way up). A survey of top teams reports that 80% of those surveyed believed they had the necessary skills but only 30% believed all their colleagues did.

Sources

Sources used for this article include: Eisenhardt, Kahwajy, Bourgeois: *How management teams can have a good fight* (HBR); Heffernan: *Dare to disagree* (TED talk by author of *Willful blindness*); Herb, Leslie, Price: *Teamwork at the top* (McKinsey); Katzenbach, Smith: *The discipline of teams* (HBR); Lencioni: *The trouble with teamwork*; Nadler, Heilpern: *The CEO and the executive team: Managing the unique dynamics and special demands* (chapter from *Executive Teams*, Nadler & Spencer); Mankins: *Better decisions, faster: Techniques for exploiting top management time* (Marakon); Michelman: *Building and leading your team* (HBR).