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Can Small Businesses Use Teams Effectively?

Steps that Small Businesses Can Take to Enable Team Success

Russell *consulting, inc.*

RCI White Paper

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Capturing the Synergy of Teams in a Small Business

Let us answer this question by telling you about Bill Frank. Bill was frustrated. As owner and president of BioChemical Systems, Inc. a small company in the Midwest, he was upset that his efforts to get people thinking and acting in teams seemed to be going nowhere. Sure, they were meeting production goals — just barely — and they were still quite profitable, but the emotional and physical price that he and everybody in the company paid for these goals and profits seemed too high. There was simply too much *intra*- and *inter*-team conflict and discord, too many 10-hour workdays, and far too much finger pointing about who was responsible for quality problems.

On top of all of this, Bill was spending far too much time managing the operational details of the company rather than leading it into the future. Instead of steering the ship from the pilot house, he too often found himself shoveling coal in the boiler room. He was ready to give up on this "team" thing, strengthen the decision-making powers of his managers, and return to the more traditional top-down management style he had used in the past.

Bill' s frustration with teams raises a key question for many small business owners who struggle to move from an owner-centered to a more team-centered enterprise: *Can a small business capture the synergy of teams*. Beyond all of the hype about teams, can it deliver on *the* promise of effectiveness for small businesses? The answer to both questions is yes and no.

YES they can deliver because teams can and often do *spontaneously* emerge or are created in organizations of all sizes in response to specific competitive challenges. These teams can help companies respond effectively to the challenges. On the other hand, *NO* they can' t deliver because without a clearly defined challenge, without the key skills needed for working as a team, and most important — without the long-term commitment to teams by the small-business owner — teams will fail at delivering anything but frustration and wasted effort.

Before proceeding, we would like to share this definition: A team is a small number of people with complementary skills who are committed to a common purpose, challenging performance goals, and using a clear approach for solving problems for which they hold themselves mutually accountable. Team characteristics include: shared purpose or vision; specific and challenging

performance goals; mutual interdependence; accountability to a larger whole; diversity in experience, knowledge and skills; and clear approaches for working together.[1]

Bill' s company, BioChemical Systems, Inc. (BCS), is a small medical biochemical manufacturing company providing high-quality blood cultures and media for use by medical facilities throughout the world. These cultures enable doctors to test for the presence of a variety of diseases. A three-person team manages the company: Bill, the president; Steve, the plant manager; and Jane, the human resources director. Two years ago, after experiencing several years of low profits and high costs, BCS laid off a quarter of its work force (going from 100 to 75 employees).

As part of this downsizing, Bill decided to move the entire company towards more of a team approach for making decisions. Each of the seven production or support areas would become more self-managed in its decision making. During the transition to teams, Bill decided to retain all supervisory positions — although he wasn't clear how supervisors would function in relation to the teams.

Bill held a company-wide meeting to announce the change. He directed each production line and the support staff to form into teams and establish their own quality and productivity goals. Team members were to report to their supervisors as they always had, but now they were expected to work together as a team to set goals, assign tasks, provide technical training for new team members, solve problems, and improve their processes.

Bill and his leadership team decided to take a "hands off" approach with the newly created teams in the areas of goal setting and problem solving. In the spirit of team self-management, he and his colleagues did not want to undercut the teams by being too directive.

The response by employees was mixed enthusiasm from some and outright hostility and distrust from others. Although employees generally felt good about the ability to work more independently, they weren't exactly sure how it was supposed to work. In spite of considerable confusion (an inevitable result of any major organizational change), each department formed teams and began a *journey* towards a team-centered enterprise.

The voyage into the team process, however, was not as smooth as Bill had expected. For two years, the teams experienced a range of difficulties:

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[1] Definition adapted from *The Wisdom of Teams,* by Jon R. Katzenbach and Douglas K. Smith, 1993, Harvard Business School Press, Boston.

- Although a few teams took an active role in setting production goals, most continued to rely on their supervisor for most decisions.

- When quality or production problems occurred, the teams tended to blame people or teams outside of their team. Instead of exploring the *causes* of quality or productivity problems, they tended to run for cover and complain to management about the problems of other areas.

- Interpersonal conflict was a defining element of some teams. These teams had not found a way to manage the disagreements that inevitably emerged as the team made decisions and implemented them.

- Team leadership was confusing for the teams. Some teams chose to rotate the team leader position every month or so, while others appointed permanent team leaders with rotating facilitators. The lack of an overall structure for team leadership created confusion across the organization.

- One of the groups, the clerical/program support team, continued to struggle with the question of whether they even needed to be a team. Since the members on this team generally didn't work together on shared tasks and they individually still reported to three different supervisors, it wasn't clear how this group could become a team.

- Bill's leadership team was frustrated that the productivity goals that they had expected the teams to achieve by empowering the workers and teams had not been realized.

Stymied because after two years his company was not realizing the gains promised by the team approach, Bill decided to take a radically different approach. He brought in an outside expert to help him and his leadership team figure out what was wrong with the company's team process and help guide it back on track.

With the help of the outside consultant, Bill led an effort to rethink the team process at every level of the company. Following are the critical steps that he, his leadership team, and eventually all the teams at BCS took.

Defining a Team-Centered Vision for the Company. BCS employees didn't have a clue as to why the company had moved to teams. They couldn't envision what the result would look like. To them, the team process was just a fad that held no promise for them or the company. As a first step, Bill and his leadership team defined what they wanted the company to achieve over the next five years as a result of the team process: What would be the desired bottom line result of a team process for the company? What benefits would emerge for the company and for the teams as a result of this effort?

Next the leadership team identified short- and long-term expectations for the teams. These expectations specifically defined how the teams would be functioning in the company. Expectations included each team's role in developing performance goals, evaluating performance, improving quality and productivity, training team members, and hiring team members. The teams now had a much clearer understanding of what they were each trying to achieve for the company. Now they had a definition of a vision for a team-centered future, the benefits of a team-centered approach to work, and the expectations that teams need to meet to achieve this future.

Creating and Chartering an Implementation and Coordination Team. With a team-centered vision and expectations of teams clearly defined, the leadership team then moved to create a cross-functional "super" team representing all of the teams in the organization (including the leadership team). This implementation and coordination (I&C) team was charged with creating a road map to help move the company's teams towards improved internal effectiveness and greater cross-team cooperation. The I&C team created a *team charter* for itself and negotiated this charter with the leadership team. The charter clarified the I&C team's role and function within the organization. It limited its role to helping implement and coordinate the team process within the company. The I&C team would *not* become involved in daily operational issues.

Assessing Employee Perceptions About Teams and Obstacles to Teams The I&C team, with the active support of the leadership team, worked with the consultant to survey all team members on their attitudes about and perceptions of teams in the company and obstacles to the team process. Results of this assessment identified the issues the company needed to address to ensure a successful team effort. Some of the more important recommendations for action included: *develop a formal plan to guide the movement toward teams, define the role of supervisors and managers and increase the support they give to teams, train team members in team skills, have each team develop* a *team charter, reorganize production scheduling around the needs of teams, restructure the reward/compensation system to reward teamwork,* and *establish a team performance management system to track team progress.*

Training Team Members, Supervisors, and Managers in Team Skills. A key obstacle to BCS's movement towards effective teams was people's lack of skills in working as a team. Specifically, employees didn't know how to run a team meeting, didn't have a method for resolving disagreements or conflict, didn't know how to set goals and evaluate the team's performance, and didn't know how to evaluate and improve their production processes. In the past, supervisors and managers assumed *all* of these duties. Now that teams were expected to assume these responsibilities, they needed a new set of skills beyond the technical skills they already had.

Creating Team Charters for Each Team. For a group to become a team, the members need a clear, compelling reason to exist as a team. Group members may wonder why they should work in a different way. What is the benefit of working as a team? What are the consequences of *not* working as a team? Group members need to feel challenged to accomplish things that would not be possible without the combined, collaborative efforts of a team. A team charter answers many of these questions and can focus the team's energy. It does this by defining (a) a clear and compelling reason for being (goal or vision), (b) performance outcomes or results from the team's work, (c) well-defined internal and external customer expectations and needs, and (d) performance standards to measure the team's effectiveness. Once an individual BCS team drafted a charter, it negotiated the final terms of the charter with its supervisor and the leadership team.

With a charter for each team, BCS teams now had specific performance objectives, standards for evaluating their performance, and an overriding commitment to understanding and satisfying internal and external customer expectations. As written documents, the charters enabled Bill and his leadership team to again assume their "hands off" perspective — this time at a distance based upon confidence that the teams had clear objectives and a strategy to achieve these objectives.

Each team charter also clarified the relationship of the team to its supervisor. In most cases the teams — working with their supervisor — redefined the supervisor's role from directing the team (e.g., setting goals, monitoring performance, dealing with performance problems, etc.) to that of a "coach" or facilitator. As a team coach, the supervisor continued to provide direction and support to his or her team, but in most cases, the team took over the role of setting production goals, monitoring performance, assigning tasks to team members, responding to quality or production problems, etc. For teams that felt less confident in this expanded role, the coach played a more prominent role in setting goals for the team and helping the team solve problems.

The role of team coach is still evolving at BCS — not all coaches want to give up their traditional supervisory role and not all teams want them to — but it is clear that a new team relationship with supervisors has evolved. Creating the team charter raised a number of critical questions concerning the supervisor's role. The coaching partnership that emerged from this discussion has guided the company towards a new understanding about the nature of empowerment and team self-management.

All of these key ingredients for building a team-centered infrastructure for BCS — defining a team-centered vision for the company, creating a cross-functional "super" team to guide the team process, assessing employee perceptions about teams, training team members in team skills, creating charters for each team, and clarifying the relationship between teams and

their "coaches" — have created a strong foundation for enabling teams, for the first time, to achieve their potential for the company. Without such an infrastructure, a small business' movement toward teams is destined to fail and the benefits of teams will never be realized.

Throughout all of this foundation laying, Bill played the most critical role of all: he clarified his aspirations and objectives for teams in his company, provided strong support for an employee-driven team development process, and stepped back from the action to enable the teams to find their own way to the goal.

Bill brought vision and support. The employees — through the I&C team — drew the road map to achieve the vision. BCS is years away from realizing all of the benefits of teams. There is still conflict and finger pointing. Long hours for everyone occur far too often. The teams are still finding their way towards greater responsibility for quality and productivity. But, for the first time, they all feel they're making progress.

With the team infrastructure in place, the company as a whole is beginning to think and work in a different way. Bill has begun to see positive changes in the way the company makes decisions and serves its customers. But it's a slow process. It takes time.

When Bill sees a problem he still has an urge to start shoveling coal in the boiler room, but he is spending much more time in the pilot house, guiding his small company into the future. He knows that deep within, the teams he has nudged into action are gathering data on their processes, making good decisions, and doing the work they need to do to make the company's vision and expectations a reality.

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