

Managing Teams

Chapter 10

CHAPTER OUTLINE

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Managing Work Teams

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Key Terms

Concept Check

Self-Assessment

Management Decision

Management Team Decision

Develop Your Career Potential

Take Two Video

STUDENT RESOURCES

ThomsonNOW On the Job and Biz Flix video applications, concept tutorial, and concept exercise

Xtra! Nine exhibit worksheets, author FAQs, quiz, Management News, and the video clips from the chapter with exercises

Web (<http://williams.swlearning.com>) Quiz, PowerPoint slides, and glossary terms for this chapter

Standard Motor Products, Edwardsville, Kansas.¹

Standard Motor Products makes aftermarket auto parts (for repairs and replacement) that are sold by warehouse distributors like Carquest and NAPA (National Automotive Parts Association) and auto parts retailers like Advance Auto Parts and Auto-Zone. Its products include emission and engine controls, voltage regulators, sensors, ignition wires, distributor caps and rotors, ignition and electrical parts, air-conditioning compressors, accumulators, fan clutches, heater cores and valves, evaporators, hoses, and window lift motors. Although the aftermarket auto parts market will reach \$56 billion by 2008, it's incredibly competitive, and companies that don't continue to improve quickly lose market share and profits.

And, right now, Standard Motor Products is struggling. Downtime—when machines aren't running—is up significantly, and when parts aren't being produced, revenues aren't being generated. Not surprisingly, productivity is also

What Would You Do?

down, and costs are up. Since Standard competes in an industry where the difference between a profit and a loss is three cents per hose, it can't continue to incur rising costs. The company is already losing millions per year and is closing down money-losing production facilities. You're worried that your plant, which is facing a "perfect storm" of problems, is next.

Problem number one is a top-down, authoritarian culture where managers pride themselves on being tough on workers. Combine that with a work force that is 50 percent unionized, and let's just say there's no love lost between managers and workers. Second, the workers dislike each other, too. Language difficulties separate the white and African American workers from the Hispanic and Asian workers. In fact, negative feelings were so strong that when the company introduced English language classes, almost no one attended. With their noise and nonstop pressure to keep costs low, quality high, and production on schedule, manufacturing plants are already challenging places to work. Stir in an authoritarian culture, intense hostility between labor and management, a militant employee union, basic communication/language problems between employees, and hard feelings all around,

and you've got the recipe for poor results that are sure to lead company headquarters to shut this place down.

After thinking about this situation for a while, you turn to your most trusted supervisor and say, "Things are so bad. Why don't we just start over from zero? I'm thinking about using teams to run everything in the plant. What do you think?" As he pauses, you can sense the mixed reaction coming. He says, "I don't know. At the plant where I used to work, we switched to teams, and the employee turnover rate, which was near zero, jumped to double digits. Plus, didn't Levi's, the jeans manufacturer, try teams in its manufacturing plants with terrible results?" You respond, "I understand your reluctance. Teams can be tricky. But they hold a lot of promise, too. If we do teams right, productivity, quality, and employee satisfaction should rise, while costs decrease. Besides, what have we got to lose? If things don't change, headquarters is going to shut us down anyway. We have to try something." But, if we're going to give teams or any other idea a chance, we have to do our homework by answering these questions. First, does it make sense for us to use teams, and, if so, what kind of teams should we use? Second, how should people who work on teams be trained and paid? We've got to find a way to encourage individual initiative, while at the same time encouraging people to work together on teams. Third, who leads the teams, managers or employees? And what roles should those leaders play? No matter what you decide, if the plant doesn't improve, your job and everyone else's will be on the line. **If you were the plant manager at Standard Motor Products' Edwardsville, Kansas plant, what would you do?**

STUDY TIP

Make up a crossword puzzle using the key terms in this chapter. Writing the clues will help you remember the definition and the context of each concept. Make photocopies for exam time and for your study group.

A growing number of organizations are significantly improving their effectiveness by establishing work teams. In fact, 91 percent of U.S. companies use teams and groups of one kind or another to solve specific problems.² Nonetheless, with the exception of early adopters such as Procter & Gamble and Cummins Engine, which began using teams in 1962 and 1973, respectively, many companies did not establish work teams until the mid to late 1980s. Boeing, Caterpillar, Champion International, Ford, and General Electric, for example, set up their first teams in the 1980s.³ So, most companies have been using teams for only 20 to 25 years, if that long. In other words, teams are a relatively new phenomenon in companies, and there's still much for organizations to learn about managing them.

We begin this chapter by reviewing the advantages and disadvantages of teams and exploring when companies should use them instead of more traditional approaches. Next, we discuss the different types of work teams and the characteristics common to all teams. The chapter ends by focusing on the practical steps to managing teams—team goals and priorities, and organizing, training, and compensating teams.

Why Work Teams?

work team

A small number of people with complementary skills who hold themselves mutually accountable for pursuing a common purpose, achieving performance goals, and improving interdependent work processes.

Work teams consist of a small number of people with complementary skills who hold themselves mutually accountable for pursuing a common purpose, achieving performance goals, and improving interdependent work processes.⁴ By this definition, computer programmers working on separate projects in the same department of a company would not be considered a team. To be a team, the programmers would have to be interdependent and share responsibility and accountability for the quality and amount of computer code they produced.⁵ In many industries, teams are growing in importance because they help organizations respond to specific problems and challenges. Though work teams are not the answer for every situation or organization, if the right teams are used properly and in the right settings, teams can dramatically improve company performance over more traditional management approaches and instill a sense of vitality in the workplace that is otherwise difficult to achieve.

After reading the next two sections, you should be able to

- 1** explain the good and bad of using teams.
- 2** recognize and understand the different kinds of teams.

1 THE GOOD AND BAD OF USING TEAMS

Let's begin our discussion of teams by learning about **1.1 the advantages of teams**, **1.2 the disadvantages of teams**, and **1.3 when to use and not use teams**.

1.1 The Advantages of Teams

Companies are making greater use of teams because teams have been shown to improve customer satisfaction, product and service quality, speed and efficiency in product development, employee job satisfaction, and decision making.⁶

Teams help businesses increase *customer satisfaction* in several ways. One way is to create work teams that are trained to meet the needs of specific customer groups. When Eastman Kodak reengineered its customer service center, it created specific teams to field calls from the general public (based on the geographic location of the caller), scientific users, and corporate users. Under this system, customers are immediately directed to the team trained to meet their needs. Within a year, the work teams doubled the rate at which Kodak solved customer problems on the first phone call.⁷

Businesses also create problem-solving teams and employee involvement teams to study ways to improve overall customer satisfaction and make recommendations for improvements. Teams like these typically meet on a weekly or monthly basis. Every day at the Longaberger Company, 2,500 skilled weavers make over 40,000 high-quality baskets (which sell for \$30 to \$260). When productivity began to drop, management turned to an employee involvement group to solve the problem. After studying 40 basket makers for three weeks, the team found that the weavers often had the wrong materials. The team came up with a solution that makes sure each weaver has the proper kinds of wood veneers used to make the different baskets. Before the new system, workers ran out of the proper materials 53 times per day. Now, that happens only 9 times per day. And, because the new system has also cut scrap (leftover, unusable materials) by 75 percent, the company is saving \$3 million per year.⁸

Teams also help firms improve *product and service quality* in several ways.⁹ In contrast to traditional organizational structures where management is responsible for organizational outcomes and performance, teams take direct responsibility for the quality of the products and service they produce. At Whole Foods, a supermarket chain that sells groceries and health foods, the 10 teams that manage each store are responsible for store quality and performance; they are also directly accountable because the size of their team bonus depends on the store's performance. Productive teams get an extra \$1.50 to \$2.00 per hour in every other paycheck. As a result, Whole Food teams don't want friends on their teams—they want talented productive workers.¹⁰ And making teams directly responsible for service and product quality pays off. At Whole Foods, comparable store sales, meaning a particular store's sales this year compared to that store's sales last year, are increasing between 7.7 and 10 percent per year on average! Likewise, a survey by *Industry Week* found that 42 percent of the companies that use teams report revenues of more than \$250,000 per employee, compared to only 25 percent of the companies that don't use teams.¹¹

As you learned in Chapter 7, companies that are slow to innovate or integrate new features and technologies into their products are at a competitive disadvantage. Therefore, a third reason that teams are increasingly popular is that they can increase *speed and efficiency when designing and manufacturing products*.¹² Traditional product design proceeds sequentially, meaning that one department, such as engineering or manufacturing, has to finish its work on the design before the next department, such as marketing, can start. Unfortunately, not only is sequential development slow, but it also encourages departments to work in isolation from one another.¹³ A faster and better way to design products is to use *overlapping development phases*, which often requires the use of teams. With overlapping development phases, teams of employees, consisting of members from the different functional areas in a firm (i.e., engineering, manufacturing, and marketing), work on the product design at the same time. Because all of the different functional areas are involved in the design process from the start, the company can avoid most of the delays and frustration associated with sequential development. Industrial Light & Magic (ILM), founded by George Lucas, the originator and producer of *Star Wars*, has won 19 Academy Awards for visual effects and technical achievement. ILM uses overlapping development phases to quickly produce specialized, computer effects for movies. Teams of artists and animators work simultaneously on different scenes, such as the opening and closing of a movie, to speed up production. Visual-effects



A team-based structure is part of the reason for the resounding success of Whole Foods Market. Employee teams are responsible for all aspects of the store's operations. This Whole Foods team is in charge of preparing the seafood section for the opening of the New York City store.

producer Jacqui Lopez says, “When we get down to the wire, our artists need every second they can get in front of their computers.”¹⁴ Oftentimes, she says, “Being late is not an option. The publicity is already locked in, and the studios have schedules to keep. We can’t be late.”¹⁵ And ILM has *never* been late. Indeed, whether the movie is *Harry Potter* or *Pirates of the Caribbean*, when film studios and directors fall behind, they regularly come to ILM to avoid missing deadlines.

Another reason for using teams is that teamwork often leads to increased *job satisfaction*.¹⁶ One reason that teamwork can be more satisfying than traditional work is that it gives workers a chance to improve their skills. This is often accomplished through **cross training**, in which team members are taught how to do all or most of the jobs performed by the other team members. Mary Keene used to stand in one spot for eight hours a day using a power chisel to chip cast iron from Ford automobile engines. She said, “You thought your arms would fall off. It was the worst job I had there.” Today, thanks to cross training, Mary and her Plant 2 coworkers at Ford’s Brook Park, Ohio manufacturing facility perform seven different jobs each shift, such as installing ignition coils, taking apart engines, restarting machinery after it breaks down, and contacting suppliers if engine parts are of subpar quality.¹⁷ The advantage for the organization is that cross training allows a team to function normally when one member is absent, quits, or is transferred. The advantage for workers is that cross training broadens their skills and increases their capabilities while also making their work more varied and interesting. Indeed, Ford’s Mary Keene says, “Plant 2 is the best we’ve ever had it.” Huck Granakis, the United Auto Workers’ building chairman and a member of Plant 2’s operating committee, says, “They love it. I know of no one who has quit to go to another job.”¹⁸



A second reason that teamwork is satisfying is that work teams often receive proprietary business information that is available only to managers at most companies. For example, at Whole Foods, the supermarket chain that sells groceries and health foods, team members are given full access to their store’s financial information and everyone’s salaries, including those of the store manager and the CEO.¹⁹ Each day, next to the time clock, Whole Foods employees can see the previous day’s sales for each team, as well as the sales on the same day from the previous year. Each week, team members can examine the same information, broken down by team, for all of the Whole Foods stores in their region. And each month, store managers review information on profitability, including sales, product costs, wages, and operating profits, with each team in the store. Since team members decide how much to spend, what to order, what things should cost, and how many team members should work each day, this information is critical to making teams work at Whole Foods.²⁰

Team members also gain job satisfaction from unique leadership responsibilities that typically are not available in traditional organizations. For example, in contrast to most orchestras, which are led by one conductor who is clearly in charge, at the award-winning, New York City–based Orpheus chamber orchestra, the concertmaster’s role, as they call it, is rotated among different members of the orchestra. Flutist Susan Palma-Nidel says that assuming the concertmaster’s role “has allowed me to discover strengths that I didn’t know I had. Not only have I helped lead the group, but I’ve also been interviewed by the media—something I never thought I’d do. If I hadn’t been forced to do those things, I’m not sure that I ever would have.”²¹ Furthermore, rotating leadership among team members can lead to more participation and cooperation in team decision making and improved team performance.²²

Finally, teams share many of the advantages of group decision making discussed in Chapter 5. For instance, because team members possess different knowledge, skills, abilities, and experiences, a team is able to view problems from multiple perspectives. This diversity of viewpoints increases the odds that team decisions will solve the underlying causes of problems and not just address

cross training

Training team members to do all or most of the jobs performed by the other team members.

ADVANTAGES 	DISADVANTAGES 
😊 Customer satisfaction	😞 Initially high employee turnover
😊 Product and service quality	😞 Social loafing
😊 Speed and efficiency in product development	😞 Disadvantages of group decision making (groupthink, inefficient meetings, domination by a minority, lack of accountability)
😊 Employee job satisfaction	
😊 Better decision making and problem solving (multiple perspectives, more alternative solutions, increased commitment to decisions)	

the symptoms. The increased knowledge and information available to teams also make it easier for them to generate more alternative solutions, which is a critical part of improving the quality of decisions. Because team members are involved in decision-making processes, they are also likely to be more committed to making those decisions work. In short, teams can do a much better job than individuals in two important steps of the decision-making process: defining the problem and generating alternative solutions. Exhibit 10.1 summarizes the advantages and disadvantages of teams (the latter are discussed in the next section).

Exhibit 10.1

Advantages and Disadvantages of Teams

1.2 The Disadvantages of Teams

Although teams can significantly improve customer satisfaction, product and service quality, speed and efficiency in product development, employee job satisfaction, and decision making, using teams does not guarantee these positive outcomes. In fact, if you've ever participated in team projects in your classes, you're probably already aware of some of the problems inherent in work teams. Despite all of their promise, teams and teamwork are also prone to these significant disadvantages: initially high turnover, social loafing, and the problems associated with group decision making.

The first disadvantage of work teams is *initially high turnover*. Teams aren't for everyone, and some workers balk at the responsibility, effort, and learning required in team settings. When General Electric's Salisbury plant switched to teams, the turnover rate jumped from near zero to 14 percent. Plant manager Roger Gasaway said of teams and teamwork, "It's not all wonderful stuff."²³ Other people may quit because they object to the way team members closely scrutinize each other's job performance, particularly when teams are small. Randy Savage, who works for Eaton Corporation, a manufacturer of car and truck parts, said, "They say there are no bosses here, but if you screw up, you find one pretty fast." Beverly Reynolds, who quit Eaton's team-based system after nine months, said her coworkers "weren't standing watching me, but from afar, they were watching me." And even though her teammates were willing to help her improve her job performance, she concluded, "As it turns out, it just wasn't for me at all."²⁴

Social loafing is another disadvantage of work teams. **Social loafing** occurs when workers withhold their efforts and fail to perform their share of the work.²⁵ A nineteenth-century German scientist named Ringleman first

DON'T BE A TEAM SLACKER—DO YOUR SHARE

Given the amount of teamwork required in business classes, most of you have encountered slackers in student groups. Perhaps you've even "slacked" yourself from time to time. From an ethical perspective, though, slacking is clearly wrong. In reality, it's no different from cheating on an exam. When you slack, you're relying on others to do your work. You benefit without putting forth effort. And "your" team's project, paper, or presentation hasn't benefited from your contributions. In fact, it's very likely that your slacking may have significantly hurt "your" team's performance. Furthermore, in the real world, the consequences of team slacking, such as lost sales, poorer decisions, lower-quality service or products, or lower productivity, are much larger. So, do the right thing. Whether it's in class or in business, don't be a slacker. Don't cheat your teammates. Pull your share of the "rope."

DOING THE RIGHT THING

social loafing

Behavior in which team members withhold their efforts and fail to perform their share of the work.

1. **The presence of someone with expertise.** Team members will withhold effort when another team member is highly qualified to make a decision or comment on an issue.
2. **The presentation of a compelling argument.** Team members will withhold effort if the arguments for a course of action are very persuasive or similar to their own thinking.
3. **Lacking confidence in one's ability to contribute.** Team members will withhold effort if they are unsure about their ability to contribute to discussions, activities, or decisions. This is especially so for high-profile decisions.
4. **An unimportant or meaningless decision.** Team members will withhold effort by mentally withdrawing or adopting a "who cares" attitude if decisions don't affect them or their units, or if they don't see a connection between their efforts and their team's successes or failures.
5. **A dysfunctional decision-making climate.** Team members will withhold effort if other team members are frustrated or indifferent or if a team is floundering or disorganized.

Source: P. W. Mulvey, J. F. Veiga, & P. M. Elsass, "When Teammates Raise a White Flag," *Academy of Management Executive* 10, no. 1 (1996): 40–49.

Exhibit 10.2

Factors That Encourage People to Withhold Effort in Teams



documented social loafing when he found that one person pulling on a rope alone exerted an average of 63 kilograms of force on the rope. In groups of three, the average force dropped to 53 kilograms. In groups of eight, the average dropped to just 31 kilograms. Ringleman concluded that the larger the team, the smaller the individual effort. In fact, social loafing is more likely to occur in larger groups where identifying and monitoring the efforts of individual team members can be difficult.²⁶ In other words, social loafers count on being able to blend into the background, where their lack of effort isn't easily spotted. From team-based class projects, most students already know about social loafers or "slackers," who contribute poor, little, or no work whatsoever. Not surprisingly, a study of 250 student teams found that the most talented students are typically the least satisfied with teamwork because of having to carry "slackers" and do a disproportionate share of their team's work.²⁷

How prevalent is social loafing on teams? One study found that when team activities were not mandatory, only 25 percent of manufacturing workers volunteered to join problem-solving teams, 70 percent were quiet, passive supporters (i.e., not putting forth effort), and 5 percent were actively opposed to these activities.²⁸ Another study found that on management teams, 56 percent of the managers, or more than half, withheld their effort in one way or another. Exhibit 10.2 lists the factors that encourage people to withhold effort in teams.

Finally, teams share many of the *disadvantages of group decision making* discussed in Chapter 5, such as groupthink. In *groupthink*, members of highly cohesive groups feel intense pressure not to disagree with each other so that the group can approve a proposed solution. Because groupthink restricts discussion and leads to consideration of a limited number of alternative solutions, it usually results in poor decisions. Also, team decision making takes considerable time, and team meetings can often be unproductive and inefficient. Another possible pitfall is *minority domination*, where just one or two people dominate team discussions, thus restricting consideration of different problem definitions and alternative solutions. Finally, team members may not feel accountable for the decisions and actions taken by the "team."

1.3 When to Use Teams

As the two previous subsections made clear, teams have significant advantages *and* disadvantages. Therefore, the question is not whether to use teams, but when and where to use teams for maximum benefit and minimum cost. As Doug Johnson, associate director at the Center for the Study of Work Teams, put it, "Teams are a means to an end, not an end in themselves. You have to ask

 USE TEAMS WHEN . . .	 DON'T USE TEAMS WHEN . . .
✓ there is a clear, engaging reason or purpose.	✗ there isn't a clear, engaging reason or purpose.
✓ the job can't be done unless people work together.	✗ the job can be done by people working independently.
✓ rewards can be provided for teamwork and team performance.	✗ rewards are provided for individual effort and performance.
✓ ample resources are available.	✗ the necessary resources are not available.
✓ teams will have clear authority to manage and change how work gets done.	✗ management will continue to monitor and influence how work gets done.

Source: R. Wageman, "Critical Success Factors for Creating Superb Self-Managing Teams," *Organizational Dynamics* 26, no. 1 (1997): 49–61.

yourself questions first. Does the work require interdependence? Will the team philosophy fit company strategy? Will management make a long-term commitment to this process?"²⁹ Exhibit 10.3 provides some additional guidelines on when to use or not use teams.³⁰

First, teams should be used when there is a clear, engaging reason or purpose for using them. Too many companies use teams because they're popular or because the companies assume that teams can fix all problems. Teams are much more likely to succeed if they know why they exist and what they are supposed to accomplish, and more likely to fail if they don't. For example, at CBS television, chief information officer Amy Berkowitz has split a sizable information technology staff into four different groups that support four kinds of company software—finance and administration, sales and traffic, programming and production, and interactive systems. Project managers oversee three to five dedicated work teams in each area. Berkowitz says, "The key is to make sure [the work teams] have a very focused purpose. And that they're very outcome-based."³¹ Consequently, each support team is now measured on adaptability, speed, and innovation. Jon Katzenback, coauthor of *The Wisdom of Teams*, supports Berkowitz's approach, saying, "If groups want to achieve team performance, the most important factor is not the leader of the team; it is the clarity around the performance purpose for that group. The more clear and compelling that is, the more naturally those people will function as a team."³²

Second, teams should be used when the job can't be done unless people work together. This typically means that teams are needed when tasks are complex, require multiple perspectives, or require repeated interaction with others to complete. For example, contrary to stories of legendary programmers who write software programs by themselves, Microsoft uses teams to write computer code because of the enormous complexity of today's software. Most software simply has too many options and features for one person (or even one team) to complete it all. Likewise, Microsoft uses teams because writing good software requires repeated interaction with others. Microsoft ensures this interaction by having its teams "check in" their computer code every few days. The different pieces of code written by the different teams are then compiled to create an updated working build or prototype of the software. The next day, all the teams and team members begin testing and debugging the new build. Over and over again, the computer code is compiled, sent back to the teams to be tested and improved, and then compiled and tested again.³³

If tasks are simple and don't require multiple perspectives or repeated interaction with others, however, teams should not be used. For instance, production levels dropped by 23 percent when Levi Strauss introduced teams in its factories. Levi's mistake was assuming that teams were appropriate for garment

Exhibit 10.3

When to Use or Not Use Teams

work, where workers perform single, specialized tasks, like sewing zippers or belt loops. Because this kind of work does not require interaction with others, Levi's unwittingly pitted the faster workers against the slower workers on each team. Arguments, infighting, insults, and threats were common between faster workers and the slower workers who held back team performance. One seamstress even had to physically restrain an angry coworker who was about to throw a chair at a faster worker who constantly nagged her about her slow pace.³⁴

Third, teams should be used when rewards can be provided for teamwork and team performance. Team rewards that depend on team performance, rather than individual performance, are the key to rewarding team behaviors and efforts. You'll read more about team rewards later in the chapter, but for now it's enough to know that if the level of rewards (individual versus team) is not matched to the level of performance (individual versus team), groups won't work. As discussed above, this was the case with Levi's, where a team structure was superimposed on individual jobs that didn't require interaction between workers. After the switch to teams, faster workers placed tremendous pressure on slower workers to increase their production speed. And since pay was determined by team performance, top individual performers saw their pay drop by several dollars an hour, while slower workers saw their pay increase by several dollars an hour—all while overall productivity dropped in the plant.³⁵

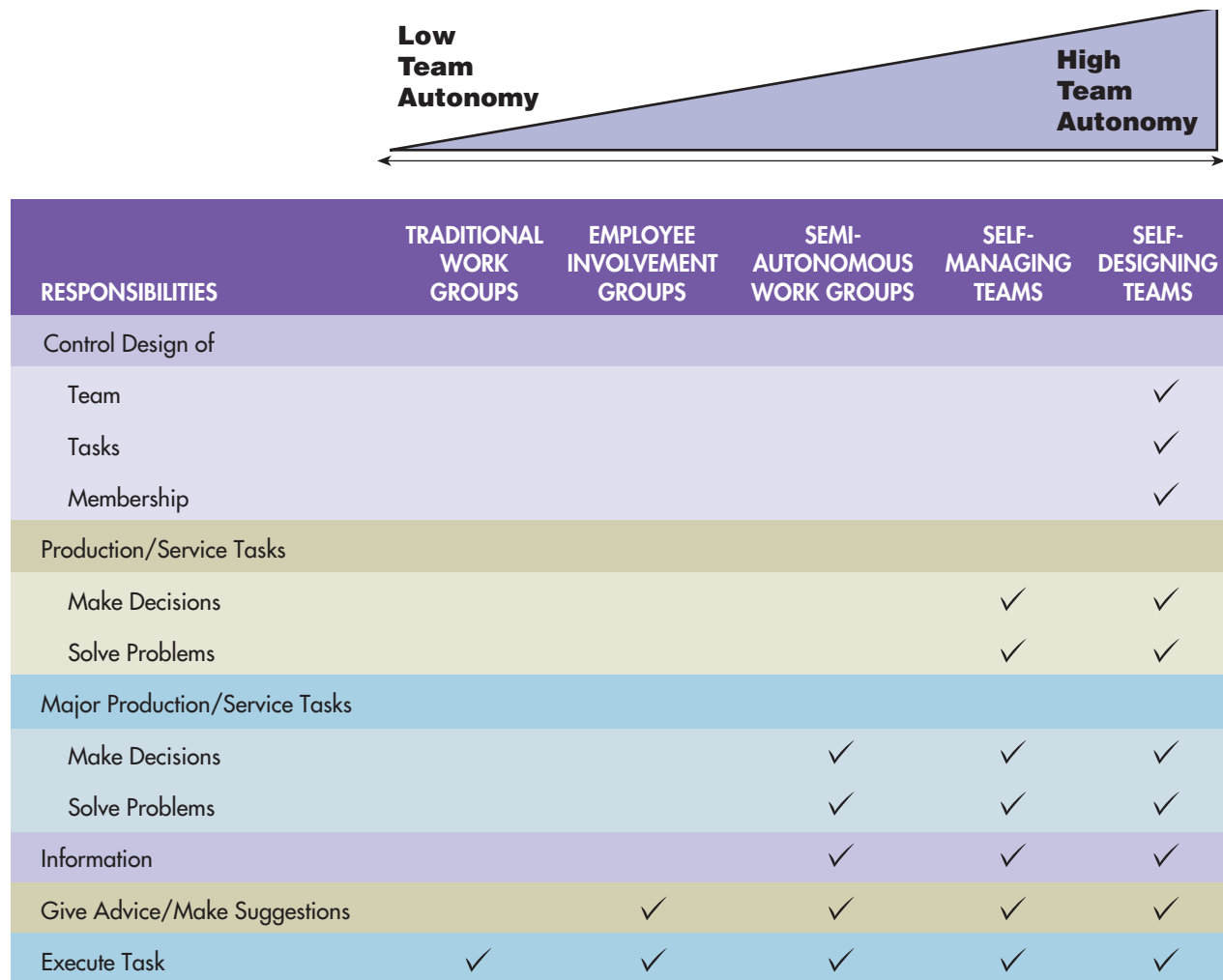
Review 1: The Good and Bad of Using Teams

In many industries, teams are growing in importance because they help organizations respond to specific problems and challenges. Teams have been shown to increase customer satisfaction (specific customer teams), product and service quality (direct responsibility), speed and efficiency in product development (overlapping development phases), and employee job satisfaction (cross training, unique opportunities, and leadership responsibilities). Although teams can produce significant improvements in these areas, using teams does not guarantee these positive outcomes. Teams and teamwork have the disadvantages of initially high turnover and social loafing (especially in large groups). Teams also share many of the advantages (multiple perspectives, generation of more alternatives, and more commitment) and disadvantages (groupthink, time, poorly run meetings, domination by a few team members, and weak accountability) of group decision making. Finally, teams should be used for a clear purpose, when the work requires that people work together, when rewards can be provided for both teamwork and team performance, when ample resources can be provided, and when teams can be given clear authority over their work.

2 KINDS OF TEAMS

Companies use different kinds of teams for different purposes. Google uses teams to innovate and develop new products and to tweak and improve its search algorithms and functions.³⁶ At Maytag's Cleveland, Tennessee manufacturing plant, which makes gas and electric stoves, the use of teams has helped cut production costs by \$7 million and reduce inventory by \$10 million.³⁷

Let's continue our discussion of teams by learning about the different kinds of teams that companies like Google and Maytag use to make themselves more competitive. We look first at **2.1 how teams differ in terms of autonomy, which is the key dimension that makes one team different from another**, and then at **2.2 some special kinds of teams**.



Sources: R. D. Banker, J. M. Field, R. G. Schroeder, & K. K. Sinha, "Impact of Work Teams on Manufacturing Performance: A Longitudinal Field Study," *Academy of Management Journal* 39 (1996): 867-890; J. R. Hackman, "The Psychology of Self-Management in Organizations," in *Psychology and Work: Productivity, Change, and Employment*, ed. M. S. Pallak & R. Perlof (Washington, DC: American Psychological Association), 85-136.

2.1 Autonomy, the Key Dimension

Teams can be classified in a number of ways, such as permanent or temporary, or functional or cross-functional. However, studies indicate that the amount of autonomy possessed by a team is the key dimension that makes teams different from each another.³⁸ *Autonomy* is the degree to which workers have the discretion, freedom, and independence to decide how and when to accomplish their jobs.

Exhibit 10.4 displays an autonomy continuum that shows how five kinds of teams differ in terms of autonomy. Moving left to right across the top of the exhibit, traditional work groups and employee involvement groups have the least autonomy, semi-autonomous work groups have more autonomy, and, finally, self-managing teams and self-designing teams have the most autonomy. Moving from bottom to top along the left side of the exhibit, note that the number of responsibilities given to each kind of team increases directly with its autonomy. Let's review each of these teams and their autonomy and responsibilities in more detail.

The smallest amount of autonomy is found in **traditional work groups**, where two or more people work together to achieve a shared goal. In these groups,

Exhibit 10.4
Team Autonomy Continuum

traditional work group

A group composed of two or more people who work together to achieve a shared goal.

workers are responsible for doing the work or “executing the task,” but they do not have direct responsibility or control over their work. Workers report to managers, who are responsible for their performance and have the authority to hire and fire them, make job assignments, and control resources. For instance, suppose that an experienced worker blatantly refuses to do his share of the work, saying, “I’ve done my time. Let the younger employees do the work.” In a team with high autonomy, the responsibility of getting this employee to put forth his fair share of effort would belong to his teammates. But in a traditional work group, that responsibility belongs to the boss or supervisor. In fact, the supervisor in this situation calmly confronted the employee and told him, “We need your talent, [and] your knowledge of these machines. But if you won’t work, you’ll have to go elsewhere.” Within days, the employee’s behavior improved.³⁹

employee involvement team

A team that provides advice or makes suggestions to management concerning specific issues.

Employee involvement teams, which have somewhat more autonomy, meet on company time on a weekly or monthly basis to provide advice or make suggestions to management concerning specific issues, such as plant safety, customer relations, or product quality.⁴⁰ Though they offer advice and suggestions, they do not have the authority to make decisions. Membership on these teams is often voluntary, but members may be selected because of their expertise. The idea behind employee involvement teams is that the people closest to the problem or situation are best able to recommend solutions. When a large hospital found that it could no longer afford its expensive employee retirement plan, it turned to six employee involvement groups representing 3,000 workers for a solution. The groups analyzed the problem and then worked with retirement consultants (chosen by the groups) to generate new retirement options that were affordable, protected the retirement benefits that employees had already earned, and, in the end, were even better for employees.⁴¹

semi-autonomous work group

A group that has the authority to make decisions and solve problems related to the major tasks of producing a product or service.

Semi-autonomous work groups not only provide advice and suggestions to management, but also have the authority to make decisions and solve problems related to the major tasks required to produce a product or service. Semi-autonomous groups regularly receive information about budgets, work quality and performance, and competitors’ products. Furthermore, members of semi-autonomous work groups are typically cross-trained in a number of different skills and tasks. In short, semi-autonomous work groups give employees the authority to make decisions that are typically made by supervisors and managers.

That authority is not complete, however. Managers still play a role, though much reduced compared to traditional work groups, in supporting the work of semi-autonomous work groups. When semi-autonomous work groups were implemented at the Ritz-Carlton, Kansas City, longtime manager Sandi Shartzter, director of housekeeping, said, “I had attendants who for 22 years had been told where to go, what to do. Now they’re being told to do it on their own. Sure, the staff still runs to me occasionally, but they’re learning to ‘own’ their own responsibility. I even had one worker tell me today that she’s setting goals for herself.” Hotel manager Bob Schrader reinforced Shartzter’s view of the Ritz’s semi-autonomous work groups. Schrader said, “My role is to be out on the floor, not sit in my office and look at paperwork. I attend team meetings and try to get people comfortable about approaching me on issues, but then a lot of my job is directing people back to their teams for solutions. A lot of what I should be doing now is asking questions instead of dictating methods.”⁴²

self-managing team

A team that manages and controls all of the major tasks of producing a product or service.

Self-managing teams differ from semi-autonomous work groups in that team members manage and control *all* of the major tasks *directly related* to production of a product or service without first getting approval from management. This includes managing and controlling the acquisition of materials, making a product or providing a service, and ensuring timely delivery. At a Crown Cork aluminum can factory in Texas, “The teams make and implement decisions regarding production, product quality, training, attendance, safety, maintenance, and certain types of discipline. The teams can stop production lines without management approval, stop delivery of cans that do

not meet quality standards, decide which workers should receive training, decide whether to grant leave requests, and investigate and correct safety problems.”⁴³

Self-designing teams have all the characteristics of self-managing teams, but they can also control and change the design of the teams themselves, the tasks they do and how and when they do them, and the membership of the teams. At the GE Aerospace Engines manufacturing plant in Durham, North Carolina, which makes jet engines, all workers have email addresses, access to the Internet, their own voicemail boxes, business cards, and their own desks, all of which are extremely uncommon for factory workers. Team member Duane Williams said, “We had to come up with a schedule. We had the chance to order tools, tool carts, and so on. We had to figure out the *flow of the assembly line* [emphasis added] that makes the engine. We were put on councils for every part of the business.” Williams went on to say, “I was never valued that much as an employee in my life. I had never been at the point where I couldn’t wait to get to work. Here, I couldn’t wait to get to work every day.”⁴⁴

self-designing team

A team that has the characteristics of self-managing teams but also controls team design, work tasks, and team membership.

2.2 Special Kinds of Teams

Companies are also increasingly using several other kinds of teams that can’t easily be categorized in terms of autonomy: cross-functional teams, virtual teams, and project teams. Depending on how these teams are designed, they can be either low- or high-autonomy teams.

Cross-functional teams are intentionally composed of employees from different functional areas of the organization.⁴⁵ Because their members have different functional backgrounds, education, and experience, cross-functional teams usually attack problems from multiple perspectives and generate more ideas and alternative solutions, all of which are especially important when trying to innovate or do creative problem solving.⁴⁶ Cross-functional teams can be used almost anywhere in an organization and are often used in conjunction with matrix and product organizational structures (see Chapter 9). They can also be used either with part-time or temporary team assignments or with full-time, long-term teams.

cross-functional team

A team composed of employees from different functional areas of the organization.

Cessna, which manufactures airplanes, created cross-functional teams for purchasing parts. With workers from purchasing, manufacturing engineering, quality engineering, product design engineering, reliability engineering, product support, and finance, each team addressed make-versus-buy decisions (make it themselves or buy from others), sourcing (who to buy from), internal plant and quality improvements, and the external training of suppliers to reduce costs and increase quality. The teams looked at every major parts category, from engines to wings to electronics. In the end, they came up with parts groups, such as sheet and plate aluminum, that could be completely outsourced to suppliers at lower cost and higher quality.⁴⁷

Virtual teams are groups of geographically and/or organizationally dispersed coworkers who use a combination of telecommunications and information technologies to accomplish an organizational task.⁴⁸ Members of virtual teams rarely meet face-to-face; instead, they use email, videoconferencing, and group communication software. For example, pLotdev Multimedia Developers LLC is a Web site development company of 12 people that does work for Sean Jean, P. Diddy’s clothing label, among others. Yet, the people in the company have never met. As Max Oshman, who started the company, described it, “Some of them live in the U.K., two in Croatia, two in Sweden and the rest are scattered around in southern California, New York, Texas and Amsterdam.” How do they communicate? Oshman says, “Mostly by e-mail. When we have a big project, we communicate via phone. We also have group talks using MSN Messenger.”⁴⁹ Virtual teams can be employee involvement teams, self-managing teams, or nearly any kind of team discussed in this chapter. Virtual teams are

virtual team

A team composed of geographically and/or organizationally dispersed coworkers who use telecommunication and information technologies to accomplish an organizational task.

- Select people who are self-starters and strong communicators.
- Keep the team focused by establishing clear, specific goals and by explaining the consequences and importance of meeting these goals.
- Provide frequent feedback so that team members can measure their progress.
- Keep team interactions upbeat and action-oriented by expressing appreciation for good work and completed tasks.
- “Personalize” the virtual team by periodically bringing team members together and by encouraging team members to share information with each other about their personal lives. This is especially important when the virtual team first forms.
- Improve communication through increased telephone calls, emails, and Internet messaging and videoconference sessions.
- Periodically ask team members how well the team is working and what can be done to improve performance.
- Empower virtual teams so they have the discretion, freedom, and independence to decide how and when to accomplish their jobs.

Sources: W. F. Cascio, “Managing a Virtual Workplace,” *Academy of Management Executive* 14 (2000): 81–90; B. Kirkman, B. Rosen, P. Tesluk, & C. Gibson, “The Impact of Team Empowerment on Virtual Team Performance: The Moderating Role of Face-to-Face Interaction,” *Academy of Management Journal* 47 (2004): 175–192; S. Furst, M. Reeves, B. Rosen, & R. Blackburn, “Managing the Life Cycle of Virtual Teams,” *Academy of Management Executive* (May 2004): 6–20; C. Solomon, “Managing Virtual Teams,” *Workforce* 80 (June 2001), 60.

Exhibit 10.5

Tips for Managing Successful Virtual Teams

often (but not necessarily) temporary teams that are set up to accomplish a specific task.⁵⁰

The principal advantage of virtual teams is their flexibility. Employees can work with each other, regardless of physical location, time zone, or organizational affiliation.⁵¹ Because the team members don’t meet in a physical location, virtual teams also find it much easier to include other key stakeholders, such as suppliers and customers. Plus, virtual teams have certain efficiency advantages over traditional team structures. Because the teammates do not meet face-to-face, a virtual team typically requires a smaller time commitment than a traditional team does. Moreover, employees can fulfill the responsibilities of their virtual team membership from the comfort of their own offices, without the travel time or downtime typically required for face-to-face meetings.⁵²

A drawback of virtual teams is that the team members must learn to express themselves in new contexts.⁵³ The give-and-take that naturally occurs in face-to-face meetings is more difficult to achieve through videoconferencing or other methods of virtual teaming. For example, when an English-speaking member of a virtual, multinational Web site development team emailed a Russian-speaking member that the Web site design she had developed was “awesome,” the Russian-speaking member took offense and flamed an emotional email back. At that point, other members of the team, all in different locations, started sending their own nasty emails. What caused the problem? The English-to-Russian Web site on which they relied incorrectly translated “awesome” as “awful.” Chances are, this problem would not have occurred if the team members were working face-to-face.⁵⁴ Consistent with this example, several studies have shown that physical proximity enhances information processing.⁵⁵ Therefore, some companies bring virtual team members together on a regular basis to try to minimize these problems. Pat O’Day, who manages a five-person virtual team at KPMG with members living in the states of Washington, Maryland, and Texas, says, “We communicate through email and conference calls and meet in person four times a year.”⁵⁶ Exhibit 10.5 provides a number of tips for successfully managing virtual teams.

project team

A team created to complete specific, onetime projects or tasks within a limited time.

Project teams are created to complete specific, one-time projects or tasks within a limited time.⁵⁷ Project teams are often used to develop new products, significantly improve existing products, roll out new information systems, or build new factories or offices. The project team is typically led by a project manager, who has the overall responsibility for planning, staffing, and

managing the team, which usually includes employees from different functional areas. One advantage of project teams is that drawing employees from different functional areas can reduce or eliminate communication barriers. In turn, as long as team members feel free to express their ideas, thoughts, and concerns, free-flowing communication encourages cooperation among separate departments and typically speeds up the design process.⁵⁸ For example, GE Global eXchange Services used a cross-functional team to design its Web site so that it would have the same simple, intuitive-looking feel in English, French, Spanish, German, and Italian. This Web site is equally effective across all of these languages and cultures because, according to GE employee Doug Irwin, the company used a “cross-functional, cross-geography tiger team” during development. Said Irwin, “Every Wednesday morning for an hour, we’d meet on a global conference call. There were 5 to 15 of us, from all areas of the business and from all across the globe.”⁵⁹ Today, GE Global eXchange Services uses its Web site (<http://www.gxs.com>) in 58 countries to operate one of the world’s largest business-to-business e-commerce networks, with more than 100,000 trading partners.

Another advantage of project teams is their flexibility. When projects are finished, project team members either move on to the next project or return to their functional units. For example, publication of this book required designers, editors, page makeup artists, and Web designers, among others. When the task was finished, these people applied their skills to other textbook projects. Because of this flexibility, project teams are often used with the matrix organizational designs discussed in Chapter 9.

Review 2: Kinds of Teams

Companies use different kinds of teams to make themselves more competitive. Autonomy is the key dimension that makes teams different. Traditional work groups (which execute tasks) and employee involvement groups (which make suggestions) have the lowest levels of autonomy. Semi-autonomous work groups (which control major, direct tasks) have more autonomy, while self-managing teams (which control all direct tasks) and self-designing teams (which control membership and how tasks are done) have the highest levels of autonomy. Cross-functional, virtual, and project teams are common, but are not easily categorized in terms of autonomy. Cross-functional teams combine employees from different functional areas to help teams attack problems from multiple perspectives and generate more ideas and solutions. Virtual teams use telecommunications and information technologies to bring coworkers “together,” regardless of physical location or time zone. Virtual teams reduce travel and work time, but communication may suffer since team members don’t work face-to-face. Finally, project teams are used for specific, one-time projects or tasks that must be completed within a limited time. Project teams reduce communication barriers and promote flexibility; teams and team members are reassigned to their department or new projects as old projects are completed.

Managing Work Teams

“Why did I ever let you talk me into teams? They’re nothing but trouble.”⁶⁰ Lots of managers have this reaction after making the move to teams. Many don’t realize that this reaction is normal, both for them and for workers. In fact, such a reaction is characteristic of the *storming* stage of team development (discussed in Section 3.5). Managers who are familiar with these stages and with the other important characteristics of teams will be better prepared to manage the predictable changes that occur when companies make the switch to team-based structures.

After reading the next two sections, you should be able to

- 3** understand the general characteristics of work teams.
- 4** explain how to enhance work team effectiveness.

3 WORK TEAM CHARACTERISTICS

Understanding the characteristics of work teams is essential for making teams an effective part of an organization. Therefore, in this section you'll learn about **3.1 team norms**, **3.2 team cohesiveness**, **3.3 team size**, **3.4 team conflict**, and **3.5 the stages of team development**.

3.1 Team Norms

norms

Informally agreed-on standards that regulate team behavior.

Over time, teams develop **norms**, informally agreed-on standards that regulate team behavior.⁶¹ Norms are valuable because they let team members know what is expected of them. At Nucor Steel, work groups expect their members to get to work on time. To reinforce this norm, anyone who is late to work cannot receive the team bonus for that day (assuming the team is productive). A worker who is more than 30 minutes late cannot receive the team bonus for the entire week. At Nucor losing a bonus matters because work group bonuses can easily double the size of a worker's take-home pay.⁶²

Studies indicate that norms are one of the most powerful influences on work behavior. Team norms are often associated with positive outcomes, such as stronger organizational commitment, more trust in management, and stronger job and organizational satisfaction.⁶³ In general, effective work teams develop norms about the quality and timeliness of job performance, absenteeism, safety, and honest expression of ideas and opinions. The power of norms also comes from the fact that they regulate the everyday behaviors that allow teams to function effectively. To encourage the development of team norms, trainer Tom Ruddy created a deck of 35 playing cards describing problems that Xerox's customer service teams usually encounter. Ruddy has teams discuss each card/problem. When they agree what to do, they write their solution on the card along with the word *norm*. Everyone then gets a copy of the deck with the team's norms on them. When a team norm is broken, such as one teammate cutting off another's point, the card with the violated norm, such as "everyone's opinion will be heard," is played. It's a little corny at first, but, says Ruddy, "After a while, team members internalize the proper behavior. That's when the team really starts to click."⁶⁴

Norms can also influence team behavior in negative ways. For example, most people would agree that damaging organizational property; saying or doing something to hurt someone at work; intentionally doing one's work badly, incorrectly, or slowly; griping about coworkers; deliberately bending or breaking rules; or doing something to harm the company or boss are negative behaviors. Nonetheless, a study of workers from 34 teams in 20 different organizations found that teams with negative norms strongly influenced their team members to engage in these negative behaviors. In fact, the longer individuals were members of a team with negative norms and the more frequently they interacted with their teammates, the more likely they were to perform negative behaviors. Since team norms typically develop early in the life of a team, these results indicate how important it is for teams to establish positive norms from the outset.⁶⁵

3.2 Team Cohesiveness

cohesiveness

The extent to which team members are attracted to a team and motivated to remain in it.

Cohesiveness is another important characteristic of work teams. **Cohesiveness** is the extent to which team members are attracted to a team and motivated to remain in it.⁶⁶ Burlington Northern Railroad's intermodal team, which was charged with finding efficient ways to combine transportation through trucks

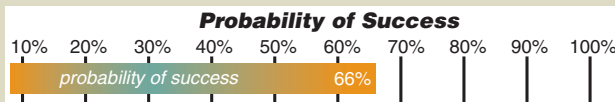
WHAT REALLY WORKS

Cohesion and Team Performance

Have you ever worked in a really cohesive group where everyone liked and enjoyed each other and was glad to be part of the group? It's great. By contrast, have you ever worked in a group where everyone really disliked each other and was unhappy to be part of the group? It's terrible. Anyone who has had either of these experiences can appreciate how important group cohesion is and the effect it can have on team performance. Indeed, 46 studies based on 1,279 groups confirm that cohesion does matter.

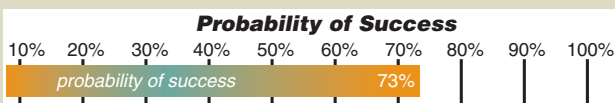
TEAM PERFORMANCE

On average, there is a 66 percent chance that cohesive teams will outperform less cohesive teams.



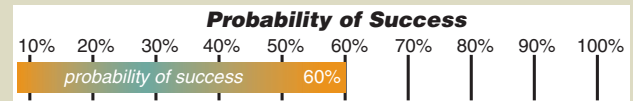
TEAM PERFORMANCE WITH INTERDEPENDENT TASKS

Teams work best for interdependent tasks that require people to work together to get the job done. When teams perform interdependent tasks, there is a 73 percent



chance that cohesive teams will outperform less cohesive teams.

TEAM PERFORMANCE WITH INDEPENDENT TASKS



Teams generally are not suited for independent tasks that people can accomplish by themselves. When teams perform independent tasks, there is only a 60 percent chance that cohesive teams will outperform less cohesive teams.

Some caution is warranted in interpreting these results. For example, there is always the possibility that a team could become so cohesive that its team goals become more important than organizational goals. Also, teams sometimes unite around negative goals and norms that are harmful rather than helpful to organizations. Nonetheless, there is also room for even more optimism about cohesive teams. Teams that are cohesive *and* committed to the goals they are asked to achieve should have an even higher probability of success than the numbers shown here.⁶⁷

and trains, was a particularly cohesive team. Dave Burns, a member of that team, said, "In my mind, the key word to this team was 'shared.' We shared everything. There was a complete openness among us. And the biggest thing that we shared was an objective and a strategy that we had put together jointly. That was our benchmark every day. Were we doing things in support of *our* plan?"⁶⁸

The level of cohesiveness in a group is important for several reasons. To start, cohesive groups have a better chance of retaining their members. As a result, cohesive groups typically experience lower turnover.⁶⁹ In addition, team cohesiveness promotes cooperative behavior, generosity, and a willingness on the part of team members to assist each other.⁷⁰ When team cohesiveness is high, team members are more motivated to contribute to the team because they want to gain the approval of other team members. For these reasons and others, studies have clearly established that cohesive teams consistently perform better.⁷¹ Furthermore, cohesive teams quickly achieve high levels of performance. By contrast, teams low in cohesion take much longer to reach the same levels of performance.⁷²

What can be done to promote team cohesiveness? First, make sure that all team members are present at team meetings and activities. Team cohesiveness suffers when members are allowed to withdraw from the team and miss team meetings and events.⁷³ Second, create additional opportunities for teammates to



PHOTO COURTESY PETER B. GRAZIER, TEAMBUILDING.COM

Part of what makes teams successful is team cohesion. To create this strong bond between team members, companies frequently use activities that require team work to accomplish a common goal, like successfully exiting a maze created by corn stalks, as pictured here. More such team activities are discussed in the "Management Team Decision" at the end of the chapter.

work together by rearranging work schedules and creating common workspaces. When task interdependence is high and team members have lots of chances to work together, team cohesiveness tends to increase.⁷⁴ Third, engaging in nonwork activities as a team can help build cohesion. At a company where teams put in extraordinarily long hours coding computer software, the software teams maintained cohesion by doing "fun stuff" together. Team leader Tammy Urban said, "We went on team outings at least once a week. We'd play darts, shoot pool. Teams work best when you get to know each other outside of work—what people's interests are, who they are. Personal connections go a long way when you're developing complex applications in our kind of time frames."⁷⁵ Finally, companies build team cohesiveness by making employees feel that they are part of a "special" organization. For example, all the new hires at Disney World in Orlando are required to take a course entitled "Traditions One," where they learn the traditions and history of the Walt Disney Company (including the names of the seven dwarfs!). The purpose of Traditions One is to instill a sense of team pride in working for Disney.

3.3 Team Size

There appears to be a curvilinear relationship between team size and performance. In other words, very small or very large teams may not perform as well as moderately-sized teams. For most teams, the right size is somewhere between six and nine members.⁷⁶ This size is conducive to high team cohesion, which has a positive effect on team performance, as discussed above. A team of this size is small enough for the team members to get to know each other and for each member to have an opportunity to contribute in a meaningful way to the success of the team. At the same time, the team is also large enough to take advantage of team members' diverse skills, knowledge, and perspectives. It is also easier to instill a sense of responsibility and mutual accountability in teams of this size.⁷⁷

By contrast, when teams get too large, team members find it difficult to get to know one another, and the team may splinter into smaller subgroups. When this occurs, subgroups sometimes argue and disagree, weakening overall team cohesion. As teams grow, there is also a greater chance of *minority domination*, where just a few team members dominate team discussions. Even if minority domination doesn't occur, larger groups may not have time for all team members to share their input. And when team members feel that their contributions are unimportant or not needed, the result is less involvement, effort, and accountability to the team.⁷⁸ Large teams also face logistical problems, such as finding an appropriate time or place to meet. Finally, the incidence of social loafing, discussed earlier in the chapter, is much higher in large teams.

Just as team performance can suffer when a team is too large, it can also be negatively affected when a team is too small. Teams with just a few people may lack the diversity of skills and knowledge found in larger teams. Also, teams that are too small are unlikely to gain the advantages of team decision making (i.e., multiple perspectives, generating more ideas and alternative solutions, and stronger commitment) found in larger teams.

What signs indicate that a team's size needs to be changed? If decisions are taking too long, if the team has difficulty making decisions or taking action, if a few members dominate the team, or if the commitment or efforts of team members are weak, chances are the team is too big. In contrast, if a team is having

difficulty coming up with ideas or generating solutions, or if the team does not have the expertise to address a specific problem, chances are the team is too small.

3.4 Team Conflict

Conflict and disagreement are inevitable in most teams. But this shouldn't surprise anyone. From time to time, people who work together are going to disagree about what and how things get done. What causes conflict in teams? Although almost anything can lead to conflict—casual remarks that unintentionally offend a team member or fighting over scarce resources—the primary cause of team conflict is disagreement over team goals and priorities.⁷⁹ Other common causes of team conflict include disagreements over task-related issues, interpersonal incompatibilities, and simple fatigue.

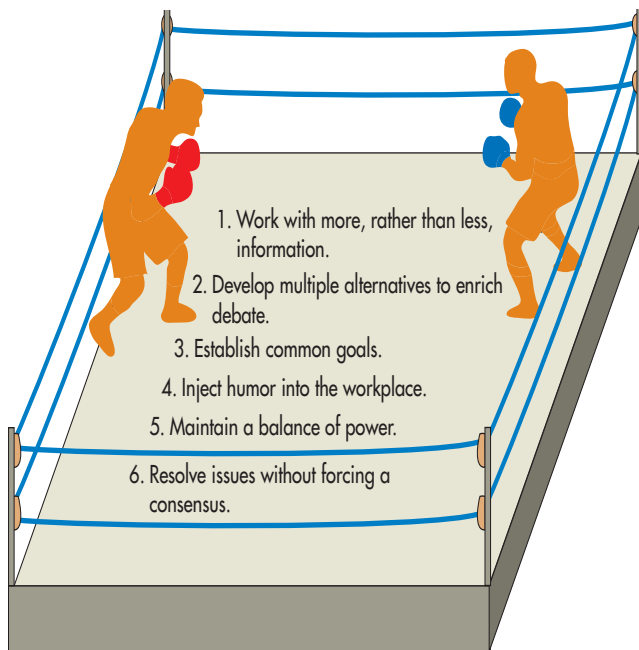
Though most people view conflict negatively, the key to dealing with team conflict is not avoiding it, but rather making sure that the team experiences the right kind of conflict. In Chapter 5, you learned about *c-type conflict*, or *cognitive conflict*, which focuses on problem-related differences of opinion, and *a-type conflict*, or *affective conflict*, which refers to the emotional reactions that can occur when disagreements become personal rather than professional.⁸⁰ Cognitive conflict is strongly associated with improvements in team performance, whereas affective conflict is strongly associated with decreases in team performance.⁸¹ Why does this happen? With cognitive conflict, team members disagree because their different experiences and expertise lead them to different views of the problem and solutions. Indeed, managers who participated on teams that emphasized cognitive conflict described their teammates as “smart,” “team players,” and “best in the business.” They described their teams as “open,” “fun,” and “productive.” One manager summed up the positive attitude that team members had about cognitive conflict by saying, “We scream a lot, then laugh, and then resolve the issue.”⁸² Thus, cognitive conflict is also characterized by a willingness to examine, compare, and reconcile differences to produce the best possible solution.

By contrast, affective conflict often results in hostility, anger, resentment, distrust, cynicism, and apathy. Managers who participated on teams that emphasized affective conflict described their teammates as “manipulative,” “secretive,” “burned out,” and “political.”⁸³ Not surprisingly, affective conflict can make people uncomfortable and cause them to withdraw and decrease their commitment to a team.⁸⁴ Affective conflict also lowers the satisfaction of team members, may lead to personal hostility between coworkers, and can decrease team cohesiveness.⁸⁵ So, unlike cognitive conflict, affective conflict undermines team performance by preventing teams from engaging in the kinds of activities that are critical to team effectiveness.

So, what can managers do to manage team conflict? First, managers need to realize that emphasizing cognitive conflict alone won't be enough. Studies show that cognitive and affective conflicts often occur together in the same teams! Therefore, sincere attempts to reach agreement on a difficult issue can quickly deteriorate from cognitive to affective conflict if the discussion turns personal and tempers and emotions flare. So, while cognitive conflict is clearly the better approach to take, efforts to engage in cognitive conflict should be approached with caution.

Can teams disagree and still get along? Fortunately, they can. In an attempt to study this issue, researchers examined team conflict in 12 high-tech companies. In four of the companies, work teams used cognitive conflict to address work problems but did so in a way that minimized the occurrence of affective conflict. Exhibit 10.6 shows the steps these teams took to be able to have a “good fight.”⁸⁶

First, work with more, rather than less, information. If data are plentiful, objective, and up-to-date, teams will focus on issues, not personalities. Second,



Source: K. M. Eisenhardt, J. L. Kahwajy, & L. J. Bourgeois III, "How Management Teams Can Have a Good Fight," *Harvard Business Review* 75, no. 4 (July-August 1997): 77–85.

Exhibit 10.6

How Teams Can Have a Good Fight

develop multiple alternatives to enrich debate. Focusing on multiple solutions diffuses conflict by getting the team to keep searching for a better solution. Positions and opinions are naturally more flexible with five alternatives than with just two. Third, establish common goals. Remember, most team conflict arises from disagreements over team goals and priorities. Therefore, common goals encourage collaboration and minimize conflict over a team's purpose. Steve Jobs, CEO of Apple Computer, explained it this way: "It's okay to spend a lot of time arguing about which route to take to San Francisco when everyone wants to end up there, but a lot of time gets wasted in such arguments if one person wants to go to San Francisco and another secretly wants to go to San Diego."⁸⁷ Fourth, inject humor into the workplace. Humor relieves tension, builds cohesion, and just makes being in teams fun. Fifth, maintain a balance of power by involving as many people as possible in the decision process. And sixth, resolve issues without forcing a consensus. Consensus means that everyone must agree before decisions are finalized. Effectively, requiring consensus gives everyone on the team veto power. Nothing gets done until everyone agrees, which, of course, is nearly impos-

sible. As a result, insisting on consensus usually promotes affective rather than cognitive conflict. If team members can't agree after constructively discussing their options, it's better to have the team leader make the final choice. Most team members can accept the team leader's choice if they've been thoroughly involved in the decision process.

3.5 Stages of Team Development

As teams develop and grow, they pass through four stages of development. As shown in Exhibit 10.7, those stages are forming, storming, norming, and performing.⁸⁸ Although not every team passes through each of these stages, teams that do tend to be better performers.⁸⁹ This holds true even for teams composed of seasoned executives. After a period of time, however, if a team is not managed well, its performance may start to deteriorate as the team begins a process of decline and progresses through the stages of de-norming, de-storming, and de-forming.⁹⁰

forming

The first stage of team development, in which team members meet each other, form initial impressions, and begin to establish team norms.

Forming is the initial stage of team development. This is the getting-acquainted stage, when team members first meet each other, form initial impressions, and try to get a sense of what it will be like to be part of the team. Some of the first team norms will be established during this stage, as team members begin to find out what behaviors will and won't be accepted by the team. During this stage, team leaders should allow time for team members to get to know each other, set early ground rules, and begin to set up a preliminary team structure.

storming

The second stage of team development, characterized by conflict and disagreement, in which team members disagree over what the team should do and how it should do it.

Conflicts and disagreements often characterize the second stage of team development, **storming**. As team members begin working together, different personalities and work styles may clash. Team members become more assertive at this stage and more willing to state opinions. This is also the stage when team members jockey for position and try to establish a favorable role for themselves on the team. In addition, team members are likely to disagree about what the group should do and how it should do it. Team performance is still relatively low, given that team cohesion is weak and team members are still reluctant to support each other. Since teams that get stuck in the storming stage are almost

always ineffective, it is important for team leaders to focus the team on team goals and on improving team performance. Team members need to be particularly patient and tolerant with each other in this stage.

During **norming**, the third stage of team development, team members begin to settle into their roles as team members. Positive team norms will have developed by this stage, and teammates should know what to expect from each other. Petty differences should have been resolved, friendships will have developed, and group cohesion will be relatively strong. At this point, team members will have accepted team goals, be operating as a unit, and, as indicated by the increase in performance, be working together effectively. This stage can be very short and is often characterized by someone on the team saying, “I think things are finally coming together.” Note, however, that teams may also cycle back and forth between storming and norming several times before finally settling into norming.

In the last stage of team development, **performing**, performance improves because the team has finally matured into an effective, fully functioning team. At this point, members should be fully committed to the team and think of themselves as “members of a team” and not just “employees.” Team members often become intensely loyal to one another at this stage and feel mutual accountability for team successes and failures. Trivial disagreements, which can take time and energy away from the work of the team, should be rare. At this stage, teams get a lot of work done, and it is fun to be a team member.

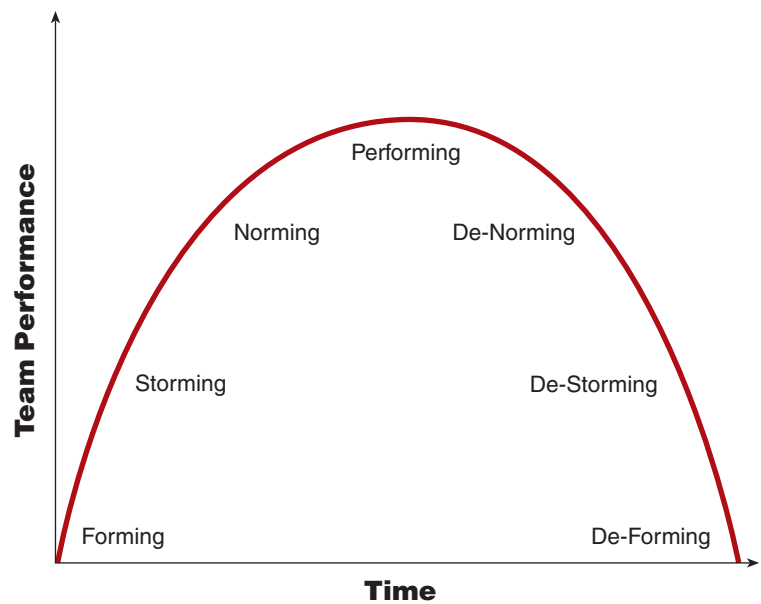
The team should not become complacent, however, because without effective management, its performance may begin to decline as the team passes through the stages of de-norming, de-storming, and de-forming.⁹¹ Indeed, John Puckett, manufacturing vice president for circuit board maker XEL Communications, says, “The books all say you start in this state of chaos and march through these various stages, and you end up in this state of ultimate self-direction, where everything is going just great. They never tell you it can go back in the other direction, sometimes just as quickly.”⁹²

In **de-norming**, which is a reversal of the norming stage, team performance begins to decline as the size, scope, goal, or members of the team change. With new members joining the group, older members may become defensive as established ways of doing things are questioned and challenged. Expression of ideas and opinions becomes less open. New members change team norms by actively rejecting or passively neglecting previously established team roles and behaviors.

In **de-storming**, which is a reversal of the storming phase, the team’s comfort level decreases. Team cohesion weakens as more group members resist conforming to team norms and quit participating in team activities. Angry emotions flare as the group explodes in conflict and moves into the final stage of de-forming.

In **de-forming**, which is a reversal of the forming stage, team members position themselves to gain control of pieces of the team. Team members begin to avoid each other and isolate themselves from team leaders. Team performance rapidly declines as the members quit caring about even minimal requirements of team performance.

If teams are actively managed, decline is not inevitable. However, managers need to recognize that the forces at work in the de-norming, de-storming, and



Sources: J. F. McGrew, J. G. Bilotta, & J. M. Deeney, “Software Team Formation and Decay: Extending the Standard Model for Small Groups,” *Small Group Research* 30, no. 2 (1999): 209–234; B. W. Tuckman, “Development Sequence in Small Groups,” *Psychological Bulletin* 63, no. 6 (1965): 384–399.

Exhibit 10.7 Stages of Team Development

norming

The third stage of team development, in which team members begin to settle into their roles, group cohesion grows, and positive team norms develop.

performing

The fourth and final stage of team development, in which performance improves because the team has matured into an effective, fully functioning team.

de-norming

A reversal of the norming stage, in which team performance begins to decline as the size, scope, goal, or members of the team change.

de-storming

A reversal of the storming phase, in which the team’s comfort level decreases, team cohesion weakens, and angry emotions and conflict may flare.

de-forming

A reversal of the forming stage, in which team members position themselves to control pieces of the team, avoid each other, and isolate themselves from team leaders.

de-forming stages represent a powerful, disruptive, and real threat to teams that have finally made it to the performing stage. Getting to the performing stage is half the battle. Staying there is the second half.

Review 3: Work Team Characteristics

The most important characteristics of work teams are team norms, cohesiveness, size, conflict, and development. Norms let team members know what is expected of them and can influence team behavior in positive and negative ways. Positive team norms are associated with organizational commitment, trust, and job satisfaction. Team cohesiveness helps teams retain members, promotes cooperative behavior, increases motivation, and facilitates team performance. Attending team meetings and activities, creating opportunities to work together, and engaging in nonwork activities can increase cohesiveness. Team size has a curvilinear relationship with team performance: teams that are very small or very large do not perform as well as moderate-sized teams of six to nine members. Teams of this size are cohesive and small enough for team members to get to know each other and contribute in a meaningful way, but are large enough to take advantage of team members' diverse skills, knowledge, and perspectives. Conflict and disagreement are inevitable in most teams. The key to dealing with team conflict is to maximize cognitive conflict, which focuses on issue-related differences, and minimize affective conflict, the emotional reactions that occur when disagreements become personal rather than professional. As teams develop and grow, they pass through four stages of development: forming, storming, norming, and performing. After a period of time, however, if a team is not managed well, its performance may decline as the team regresses through the stages of de-norming, de-storming, and de-forming.

4 ENHANCING WORK TEAM EFFECTIVENESS

Making teams work is a challenging and difficult process. Nonetheless, companies can increase the likelihood that teams will succeed by carefully managing **4.1 the setting of team goals and priorities** and **4.2 how work team members are selected, 4.3 trained, and 4.4 compensated**.⁹³

4.1 Setting Team Goals and Priorities

In Chapter 5, you learned that specific, measurable, attainable, realistic, and timely (i.e., S.M.A.R.T.) goals are one of the most effective means for improving individual job performance. Fortunately, team goals also improve team performance. In fact, team goals lead to much higher team performance 93 percent of the time.⁹⁴ For example, Nucor Steel sets specific, challenging *hourly* goals for each of its production teams, which consist of first-line supervisors and production and maintenance workers. The average in the steel industry is 10 tons of steel per hour. Nucor production teams have an hourly goal of 8 tons per hour, but get a 5 percent bonus for *every* ton over 8 tons they produce. With no limit on the bonuses they can receive, Nucor's production teams produce an average of 35 to 40 tons of steel per hour!⁹⁵

Why is setting specific, challenging team goals so critical to team success? One reason is that increasing a team's performance is inherently more complex than just increasing one individual's job performance. For instance, consider that any team is likely to involve at least four different kinds of goals: each member's goal for the team, each member's goal for himself or herself on the team, the team's goal for each member, and the team's goal for itself.⁹⁶ In other words, without a specific, challenging goal for the team itself (the last of the four goals listed), team members may head off in all directions at once pursuing

these other goals. Consequently, setting a specific, challenging goal *for the team* clarifies team priorities by providing a clear focus and purpose.

Specific, challenging team goals also affect how hard team members work. In particular, challenging team goals greatly reduce the incidence of social loafing. When faced with difficult goals, team members necessarily expect everyone to contribute. Consequently, they are much more likely to notice and complain if a teammate isn't doing his or her share. In fact, when teammates know each other well, when team goals are specific, when team communication is good, and when teams are rewarded for team performance (discussed below), there is only a 1 in 16 chance that teammates will be social loafers.⁹⁷

What can companies and teams do to ensure that team goals lead to superior team performance? One increasingly popular approach is to give teams stretch goals. *Stretch goals* are extremely ambitious goals that workers don't know how to reach.⁹⁸ The purpose of stretch goals is to achieve extraordinary improvements in performance by forcing managers and workers to throw away old, comfortable solutions and adopt radical, never-used-before solutions.⁹⁹ Home Depot's CEO, Bob Nardelli, who set a stretch goal to double revenues from \$50 billion to \$100 billion in just five years, explains stretch goals this way: "I think what has served us well [at Home Depot] is setting not unrealistic goals but challenging goals. If you set aggressive stretch goals and develop a plan and put the right leadership in place, you start to see realization. Now, will we get there as fast as we want to? Maybe not. But we will get there faster than we would have."¹⁰⁰

Four things must occur for stretch goals to effectively motivate teams.¹⁰¹ First, teams must have a high degree of autonomy or control over how they achieve their goals. At CSX's railroad division, top management challenged the new management team at its Cumberland, Maryland office to increase productivity by 16 percent. The goal was specific and challenging: Ship the same amount of coal each month, but do it with 4,200 railcars instead of 5,000 railcars. The local team, consisting of five new managers, quickly figured out that the trains were spending too much time sitting idly in the rail yards. Finance director Peter Mills said, "We'd look out our office windows at the tracks and wonder, 'Why aren't the cars moving?'" The problem? Headquarters wouldn't let the trains run until they had 160 full railcars to pull, but amassing that many cars could take nearly a week. Since the local management team had the autonomy to pay for the extra crews to run the trains more frequently, it started running trains with as few as 78 cars. Now, coal cars never wait more than a day to be transported to customers, and rail productivity has skyrocketed.¹⁰²

Second, teams must be empowered with control resources, such as budgets, workspaces, computers, or whatever else they need to do their jobs. Steve Kerr, Goldman Sachs' chief learning officer, says, "We have a moral obligation to try to give people the tools to meet tough goals. I think it's totally wrong if you don't give employees the tools to succeed, then punish them when they fail."¹⁰³

Third, teams need structural accommodation. **Structural accommodation** means giving teams the ability to change organizational structures, policies, and practices if doing so helps them meet their stretch goals. When Hewlett-Packard imposed tough goals on its customer service teams, one of the unintended consequences was a big increase in work stress from being called to customer sites on weekends and at all hours of the night. As a result, overworked customer service engineers began quitting their jobs, making it unlikely that the teams could achieve their stretch goals. H-P responded by giving the teams the ability to "reinvent work" in a way that would meet the stretch goals, but reduce worker stress. The teams decided to throw out existing policies on employee work hours and instead simply asked who would be willing to work Fridays through Mondays and who would be willing to work

structural accommodation

The ability to change organizational structures, policies, and practices in order to meet stretch goals.

bureaucratic immunity

The ability to make changes without first getting approval from managers or other parts of an organization.

Tuesdays through Fridays. Stress dropped immediately, and employees stopped quitting their jobs.¹⁰⁴

Finally, teams need bureaucratic immunity. **Bureaucratic immunity** means that teams no longer have to go through the frustratingly slow process of multilevel reviews and sign-offs to get management approval before making changes. Once granted bureaucratic immunity, teams are immune from the influence of various organizational groups and are accountable only to top management. Therefore, teams can act quickly and even experiment with little fear of failure. Climate Engineering Corporation gave its self-directed work teams bureaucratic immunity so that they could have more control over their work and provide better service to customers. Although others in the company strongly resisted, President Eric Bindner told all repair service teams (which service heating and air-conditioning systems) that they were free to schedule regular maintenance, day-to-day jobs and repairs, and emergency nighttime and weekend repairs, as well as their own vacation time. They were also given complete control over recruiting new team members and structuring and running each team.¹⁰⁵

4.2 Selecting People for Teamwork

University of Southern California professor Edward Lawler says, “People are very naive about how easy it is to create a team. Teams are the Ferraris of work design. They’re high performance but high maintenance and expensive.”¹⁰⁶ It’s almost impossible to have an effective work team without carefully selecting people who are suited for teamwork or for working on a particular team. A focus on teamwork (individualism-collectivism), team level, and team diversity can help companies choose the right team members.¹⁰⁷

Are you more comfortable working alone or with others? If you strongly prefer to work alone, you may not be well suited for teamwork. Indeed, studies show that job satisfaction is higher in teams when team members prefer working with others.¹⁰⁸ An indirect way to measure someone’s *preference for teamwork* is to assess the person’s degree of individualism or collectivism. **Individualism-collectivism** is the degree to which a person believes that people should be self-sufficient and that loyalty to one’s self is more important than loyalty to one’s team or company.¹⁰⁹ *Individualists*, who put their welfare and interests first, generally prefer independent tasks in which they work alone. In

contrast, *collectivists*, who put group or team interests ahead of self-interests, generally prefer interdependent tasks in which they work with others. Collectivists would also rather cooperate than compete and are fearful of disappointing team members or of being ostracized from teams. Given these differences, it makes sense to select team members who are collectivists rather than individualists. Indeed, many companies use individualism-collectivism as an initial screening device for team members. For example, when selecting workers for its team-based approach to manufacturing single-engine planes, Cessna focuses exclusively on team skills. If tests indicate that you aren’t a “team player” with an aptitude and willingness to take on responsibility and work with others, Cessna doesn’t hire you.¹¹⁰ If team diversity is desired, however, individualists may also be appropriate, as discussed below.

individualism-collectivism

The degree to which a person believes that people should be self-sufficient and that loyalty to one’s self is more important than loyalty to a team or company.

Cessna uses teams to build its small jets, like the one shown here, and has expanded the use of teams beyond manufacturing to service. The company also uses teams at its jet service center in Wichita, Kansas.



COURTESY OF CESSNA AIRCRAFT CO.

To determine your preference for teamwork, take the Team Player Inventory shown in Exhibit 10.8.

Team level is the average level of ability, experience, personality, or any other factor on a team. For example, a high level of team experience means that a team has particularly experienced team members. This does not mean that every member of the team has considerable experience, but that enough team members do to significantly raise the average level of experience on the team. Team level is used to guide selection of teammates when teams need a particular set of skills or capabilities to do their jobs well. For example, at GE’s Aerospace Engines manufacturing plant in Durham, North Carolina, everyone hired had to have an FAA-certified mechanic’s license. Following that, all applicants were tested in 11 different areas, only one of which involved those technical skills. Keith McKee, who works at the plant, said, “You have to be above the bar in all 11 of the areas: helping skills, team skills, communication skills, diversity, flexibility, coaching ability, work ethic, and so forth. Even if just one thing out of the 11 knocks you down, you don’t come to work here.”¹¹¹

Whereas team level represents the average level or capability on a team, **team diversity** represents the variances or differences in ability, experience, personality, or any other factor on a team.¹¹² From a practical perspective, why is team diversity important? Professor John Hollenbeck explains, “Imagine if you put all the extroverts together. Everyone is talking, but nobody is listening. [By contrast,] with a team of [nothing but] introverts, you can hear the clock ticking on the wall.”¹¹³ In other words, strong teams not only have talented members (i.e., team level), but those talented members are also different in terms of ability, experience, or personality. For example, teams with strong team diversity on job experience have a mix of team members, ranging from seasoned veterans to people with three or four years of experience to rookies with little or no experience. When Cessna built a brand new manufacturing plant for its single-engine Skyhawk planes in a new location, none of the new

team level

The average level of ability, experience, personality, or any other factor on a team.

team diversity

The variances or differences in ability, experience, personality, or any other factor on a team.

Exhibit 10.8
The Team Player Inventory

	STRONGLY DISAGREE				STRONGLY AGREE
1. I enjoy working on team/group projects.	1	2	3	4	5
2. Team/group project work easily allows others to not “pull their weight.”	1	2	3	4	5
3. Work that is done as a team/group is better than the work done individually.	1	2	3	4	5
4. I do my best work alone rather than in a team/group.	1	2	3	4	5
5. Team/group work is overrated in terms of the actual results produced.	1	2	3	4	5
6. Working in a team/group gets me to think more creatively.	1	2	3	4	5
7. Teams/groups are used too often, when individual work would be more effective.	1	2	3	4	5
8. My own work is enhanced when I am in a team/group situation.	1	2	3	4	5
9. My experiences working in team/group situations have been primarily negative.	1	2	3	4	5
10. More solutions/ideas are generated when working in a team/group situation than when working alone.	1	2	3	4	5
Reverse score items 2, 4, 5, 7, and 9. Then add the scores for items 1 to 10. Higher scores indicate a preference for teamwork, whereas lower total scores indicate a preference for individual work.					

Source: T. J. B. Kline, “The Team Player Inventory: Reliability and Validity of a Measure of Predisposition Toward Organizational Team-Working Environments,” *Journal for Specialists in Group Work* 24, no. 1 (1999): 102–112.

workers it hired for its teams had any manufacturing experience whatsoever. Having passed Cessna's team skills tests, they were all great team players, but none had ever worked in a factory. Consequently, Cessna infused the teams with diversity by bringing in 60 retirees who had built Skyhawks before. The mentors worked with the teams, teaching them basic manufacturing skills, and instilling confidence.¹¹⁴ As in this example, team diversity is used to guide the selection of team members when teams must complete a wide range of different tasks or when tasks are particularly complex.

Once the right team has been put together in terms of individualism-collectivism, team level, and team diversity, it's important to keep the team together as long as practically possible. Interesting research by the National Transportation Safety Board shows that 73 percent of the serious mistakes made by jet cockpit crews are made the very first day that a crew flies together as a team and that 44 percent of serious mistakes occur on their very first flight together (pilot teams fly two to three flights per day). Moreover, research has shown that fatigued pilot crews who have worked together before make significantly fewer errors than rested crews who have never worked together.¹¹⁵ Their experience working together helps them overcome their fatigue and outperform new teams that have not worked together before. So, once you've created effective teams, keep them together as long as possible.

4.3 Team Training

After selecting the right people for teamwork, you need to train them. And, to be successful, teams need significant training, particularly in interpersonal skills, decision making and problem solving, conflict resolution, and technical training. Team leaders need training, too.

Organizations that create work teams *often underestimate the amount of training* required to make teams effective. This mistake occurs frequently in successful organizations, where managers assume that if employees can work effectively on their own, they can work effectively in teams. In reality, companies that successfully use teams provide thousands of hours of training to make sure that teams work. Stacy Myers, a consultant who helps companies implement teams, says, "When we help companies move to teams, we also require that employees take basic quality and business knowledge classes as well. Teams must know how their work affects the company, and how their success will be measured."¹¹⁶

Most commonly, members of work teams receive training in interpersonal skills. **Interpersonal skills**, such as listening, communicating, questioning, and providing feedback, enable people to have effective working relationships with others.

Because of teams' autonomy and responsibility, many companies also give team members training in *decision-making and problem-solving skills* to help them do a better job of cutting costs and improving quality and customer service. At General Motors' automobile assembly plant in Lansing, Michigan, each employee working on the assembly line receives 250 classroom hours of training, most of it in problem solving. According to Tim Lee, the group director of manufacturing for GM's North American car group, "Problem solving is not an easy task. Typically, in a plant we treat the symptoms, not the problem."¹¹⁷ Many organizations also teach teams *conflict resolution skills*. "Teams at Delta Faucet have specific protocols for addressing conflict. For example, if an employee's behavior is creating a problem within a team, the team is expected to work it out without involving the team leader. Two team members will meet with the 'problem' team member and work toward a resolution. If this is unsuccessful, the whole team meets and confronts the issue. If necessary, the team leader can be brought in to make a decision, but . . . it is a rare occurrence for a team to reach that stage."¹¹⁸

interpersonal skills

Skills, such as listening, communicating, questioning, and providing feedback, that enable people to have effective working relationships with others.

Firms must also provide team members with the *technical training* they need to do their jobs, particularly if they are expected to perform all of the different jobs on the team (i.e., cross training). Before teams were created at Milwaukee Mutual Insurance, separate employees performed the tasks of rating, underwriting, and processing insurance policies. After extensive cross training, however, each team member can now do all three jobs.¹¹⁹ Cross training is less appropriate for teams of highly skilled workers. For instance, it is unlikely that a group of engineers, computer programmers, and systems analysts would be cross-trained for each other's jobs.

Finally, companies need to provide *training for team leaders*, who often feel unprepared for their new duties. Exhibit 10.9 shows the top 10 problems reported by new team leaders. These range from confusion about their new roles as team leaders (compared to their old jobs as managers or employees) to not knowing where to go for help when their teams have problems. The solution is extensive training for team leaders.

4.4 Team Compensation and Recognition

Compensating teams correctly is very difficult. For instance, one survey found that only 37 percent of companies were satisfied with their team compensation plans and even fewer, just 10 percent, reported being “very positive.”¹²⁰ One of the problems, according to Monty Mohrman of the Center for Effective Organizations, is that “there is a very strong set of beliefs in most organizations that people should be paid for how well they do. So when people first get put into team-based organizations, they really balk at being paid for how well the team does. It sounds illogical to them. It sounds like their individuality and their sense of self-worth are being threatened.”¹²¹ Consequently, companies need to carefully choose a team compensation plan and then fully explain how teams will be rewarded. One basic requirement for team compensation to work is that the level of rewards (individual versus team) must match the level of performance (individual versus team).

Employees can be compensated for team participation and accomplishments in three ways: skill-based pay, gainsharing, and nonfinancial rewards. **Skill-based pay** programs pay employees for learning additional skills or knowledge.¹²² These programs encourage employees to acquire the additional skills they will need to perform multiple jobs within a team and to share knowledge with others within their work groups.¹²³ For example, at XEL Communications, the number of skills each employee has mastered determines his or her individual pay. An employee who takes a class and on-the-job training in advanced soldering (XEL makes circuit boards) will earn 30 cents more per hour. Passing a written test or satisfactorily performing a skill or job for a

skill-based pay

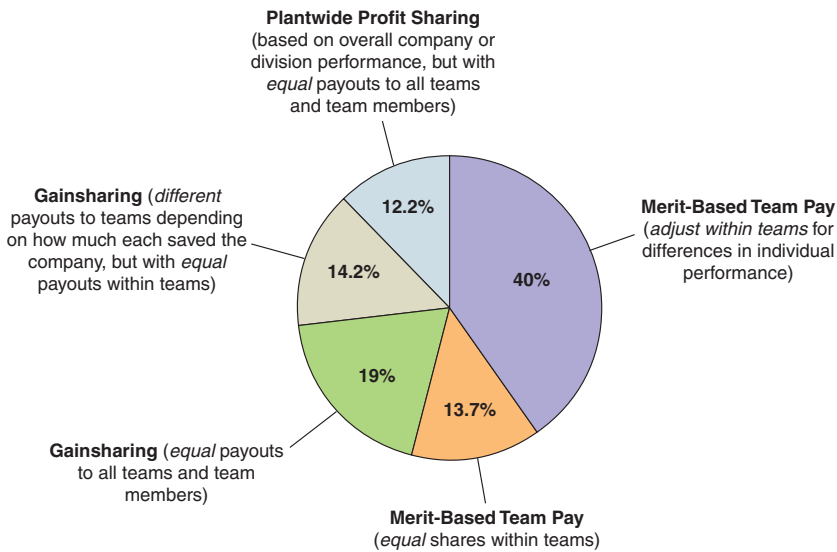
A compensation system that pays employees for learning additional skills or knowledge.

Exhibit 10.9

Top 10 Problems Reported by Team Leaders

1. Confusion about their new roles and about what they should be doing differently.
2. Feeling they've lost control.
3. Not knowing what it means to coach or empower.
4. Having personal doubts about whether the team concept will really work.
5. Uncertainty about how to deal with employees' doubts about the team concept.
6. Confusion about when a team is ready for more responsibility.
7. Confusion about how to share responsibility and accountability with the team.
8. Concern about promotional opportunities, especially about whether the "team leader" title carries any prestige.
9. Uncertainty about the strategic aspects of the leader's role as the team matures.
10. Not knowing where to turn for help with team problems, as few, if any, of their organization's leaders have led teams.

Source: B. Filipczak, M. Hequet, C. Lee, M. Picard, & D. Stamps, "More Trouble with Teams," *Training*, October 1996, 21.



Source: J. H. Sheridan, " 'YES' to Team Incentives," *Industry Week*, 4 March 1996, 63.

Exhibit 10.10 Managers' Preferences for Team-Based Pay

gainsharing

A compensation system in which companies share the financial value of performance gains, such as productivity, cost savings, or quality, with their workers.

supervisor or trainer certifies mastery of new skills and results in increased pay. Eastman Chemical uses a similar approach with its teams, but team members also have to demonstrate that they use their new skills at least 10 percent of the time. Otherwise, they lose their pay increase.¹²⁴

In **gainsharing** programs, companies share the financial value of performance gains, such as productivity, cost savings, or quality, with their workers.¹²⁵ Over the last 25 years, the U.S. Postal Service (USPS) has lost \$9 billion. Recently, however, a gainsharing program for its 84,000 supervisors produced annual savings of \$497 million for the USPS and average annual gainsharing payments of \$3,100 for each supervisor. Thanks to cost-saving suggestions, improved productivity, and better management, on-time delivery of

first class mail increased by 10 percent, the number of workdays lost to injury dropped significantly, and, most impressively of all, the USPS had five straight years of positive net income. Nonetheless, Congress killed the USPS gainsharing program by passing a law prohibiting payment of any gainsharing savings to employees any year the USPS lost money (which it has done the last few years).¹²⁶

Nonfinancial rewards are another way to reward teams for their performance. These rewards, which can range from vacation trips to T-shirts, plaques, and coffee mugs, are especially effective when coupled with management recognition, such as awards, certificates, and praise.¹²⁷ Nonfinancial awards tend to be most effective when teams or team-based interventions, such as total quality management (see Chapter 18), are first introduced.¹²⁸

Which team compensation plan should your company use? In general, skill-based pay is most effective for self-managing and self-directing teams performing complex tasks. In these situations, the more each team member knows and can do, the better the whole team performs. By contrast, gainsharing works best in relatively stable environments where employees can focus on improving the productivity, cost savings, or quality of their current work system.

Finally, given the level of dissatisfaction with most team compensation systems, what compensation plans would today's managers like to use with the teams in their companies? As shown in Exhibit 10.10, 40 percent of managers would directly link merit pay increases to team performance, but allow adjustments within teams for differences in individual performance. By contrast, 13.7 percent would link merit-based increases directly to team performance and give each team member an equal share of the team's merit-based reward. Nineteen percent would use gainsharing plans based on quality, delivery, productivity, or cost reduction and then provide equal payouts to all teams and team members. Another 14.5 percent would also use gainsharing, but they would vary the team gainsharing award, depending on how much money the team saved the company. Payouts would still be equally distributed within teams. Finally, 12.2 percent of managers would opt for plantwide profit-sharing plans tied to overall company or division performance.¹²⁹ In this case, there would be no payout distinctions between or within teams.

Review 4: Enhancing Work Team Effectiveness

Companies can make teams more effective by setting team goals and managing how team members are selected, trained, and compensated. Team goals provide a clear focus and purpose, reduce the incidence of social loafing, and lead to higher team performance 93 percent of the time. Extremely difficult stretch goals can be used to motivate teams as long as teams have autonomy, control over resources, structural accommodation, and bureaucratic immunity. Not everyone is suited for teamwork. When selecting team members, companies should select people who have a preference for teamwork (individualism-collectivism) and should consider team level (average ability on a team) and team diversity (different abilities on a team). Organizations that successfully use teams provide thousands of hours of training to make sure that teams work. The most common types of team training are for interpersonal skills, decision-making and problem-solving skills, conflict resolution, technical training to help team members learn multiple jobs (i.e., cross training), and training for team leaders. Employees can be compensated for team participation and accomplishments in three ways: skill-based pay, gainsharing, and nonfinancial rewards.

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Concept Check

1. What are the advantages and disadvantages of teams?
2. How does a manager know when to use teams and when not to use teams?
3. Sketch the team autonomy continuum and describe the five teams with different levels of autonomy.
4. Describe the three types of special teams that do not fit easily onto the team autonomy continuum.
5. Outline the stages of team development and briefly describe what happens at each stage.
6. What role does cohesiveness play in team performance?
7. Describe the two main types of conflict that occur in teams. How can teams use conflict effectively?
8. What should managers consider when selecting employees for teamwork?
9. What must happen for stretch goals to appropriately motivate teams?
10. What challenges do companies face when compensating employees for work done in teams?

Self-Assessment

WORKING IN GROUPS

From sports to school to work to civic involvement, working in teams is increasingly part of our experience. Even though teams are more and more common ways of getting work done, people still have widely varying opinions of their value. Think of your own situation. When a professor divides the class into groups to complete a project, do you respond with an inward smile or

a heavy sigh? Do you enjoy team projects, or would you rather just do your own work? The Self-Assessment Appendix has a 20-question survey that can give you insights into your thoughts about working in teams. Turn to page 619 and complete the assessment for some baseline information on your attitudes toward group work.

Management Decision

WHAT ACTUALLY CONSTITUTES TEAM TRAINING?

What would you do to build a sense of camaraderie among your team members?¹³⁰ Walk across a bed of nails together? Hot coals? What about putting together a circus complete with trapeze and high wire or a rodeo with mechanical bulls and cattle branding?

EMC, Burger King, Genentech, Adobe Systems, Pepsi, Goodyear, and Hewlett-Packard are among the companies that have sent employees to some rather outlandish team-building camps. Burger King enrolls employees in a fire-walking seminar during which they also march across a bed of nails. Adobe and Genentech have sponsored work team circuses, and Pepsi, Goodyear, and HP have sent employees to Mid-Ohio Speedway for seminars in race-car driving. If these exercises are too tame, Teambuildinginc.com offers beekeeping and honey gathering, rattlesnake hunts, skydiving, bull riding, paintball wars, and an activity called Junkyard Sports, in which participants must create the equipment for the sport of their choice from a pile of junk such as old socks, boxes, and tinfoil. Similarly, a company called CRG Total Event Solutions has an activity called Junkyard Scooters. Each team receives a tool kit and must build a scooter from a pile of thrift-store items like ironing boards, toys, tarps, and wheels.

Team cooking events are also growing in popularity. In Chili Challenge, offered by a California-based company called Chaminade, teams must devise a chili recipe from a selection of 50 ingredients and then cook the dish within an hour. The team with the best tasting chili is the winner. Similarly, at the Indian Lakes Golf Resort and Conference Center in Bloomington, Illinois, teams

are given a box containing ingredients for one of the items on the hotel's menu. Each team concocts a dish from the ingredients, and the team coming closest to the actual dish is named the winner.

For a more intensely realistic experience, your team can do simulated hostage negotiations. NASA offers an experience in which teams work together to simulate a space shuttle launch. Stylish teams can stomp grapes and make Merlot. In Barbie Heroism, developed by a consulting company called Total Rebound, four team members use cranks and pulleys to operate a toy helicopter in an effort to rescue a school of floating Barbies from deadly plastic sharks.

Although these exercises vary widely in their effectiveness, companies are still shelling out big bucks for team coaching, proving that teamwork is seen as an essential part of the management tool kit. Though some employees might balk at the rattlesnake hunt or the beekeeping exercise, it's probably not too difficult to rally the troops around the race-car driving or NASA seminars.

Questions

1. Do the activities mentioned above qualify as team training? Why or why not?
2. Based on the limited descriptions given, rank the activities according to how well you think they (a) teach teamwork skills and (b) foster team spirit. Your two lists may not be the same. Explain your rankings. Are some activities more appropriate for certain kinds of teams, for example, circus activities for cross-functional teams or making Merlot for self-managing teams?

Management Team Decision

TAKING A CHANCE ON TEAMS AT IBM

Evenings at home are the only time you can look over your management team's monthly reports without interruptions.¹³¹ Tonight, you're quietly sipping coffee (decaf, naturally) as you review the reports in the comfort of your favorite chair. You are suddenly jarred, however, by a single line deep in one report, which might have gone unnoticed if you hadn't carved out this time away from the office. In discussing the prospects for a new opportunity, one of your managers wrote, "Pressures in the current quarter have forced us to cut costs by discontinuing efforts in this promising new area." Unbelievable! As you continue reading, you can't get this line out of your head. Why is the company abandoning "promising" avenues of growth and revenue because of external pressures? You finish reading the reports and resolve to discuss the issue with all of your managers—not just the one who wrote the report.

The next morning, you ask your senior vice president to investigate, and in short order, he discovers a pattern of nonconversion. In other words, even though your company, IBM, obtains thousands of patents each year, management seems to have tremendous difficulties turning its basic research into functioning businesses. The reason apparently stems from the company's focus on existing markets and short-term results. Rather than focusing on turning new ideas into new products and services, IBM's most talented and experienced executives are being rewarded based on how much revenue their divisions generate and the number of employees reporting to them. Not surprisingly, they're more concerned with growing existing products and services than they are with developing new products and services for the future. As a result, IBM has left many innovations

on the table for outsiders to scoop up. For example, IBM invented the relational database and the router, but it was Oracle and Cisco that built huge companies around them.

You call your management team together and pose this problem: "How are we going to transform the work of our research scientists into new businesses? We need to figure out how to recognize and nurture these emerging business opportunities. IBM has hundreds of thousands of employees and billions of dollars in revenue. Surely, we have enough resources to commercialize our great ideas!"

In response, your VP for strategy says, "I wonder if we could do it with teams."

For this Management Team Decision, assemble five to six students to act as the management team at IBM.

Questions

1. Are teams a good idea for IBM's emerging business opportunities (EBOs) given the company's culture and well-defined organization? Why or why not?
2. If you do use teams, what kind of team would be best in the situation described? In other words, how much autonomy should teams working on EBOs have?
3. Who would you choose to lead the EBO teams—experienced executives who are successfully managing established divisions or less experienced managers who want to prove themselves? Explain your rationale. (You may want to review Chapter 1, section 3, "Kinds of Managers.")
4. What will your management team need to do to help EBO teams be successful? After all, the whole point of looking into EBOs is to increase IBM's revenue and reach.

Develop Your Career Potential

EVALUATE YOUR TEAM SKILLS

Instructions:

Step 1: Answer the following questions the way that you think other members of your team would if they were describing your actions.¹³²

Step 2: Total your score for each section. Then transfer all totals to the “A Quick Check of My Team Skills” section at the conclusion of the exercise.

Scale: 1 = Almost never
2 = Seldom
3 = Sometimes
4 = Usually
5 = Almost always

I. Honor team values and agreements.

As a team member, I

- a. show appreciation for other team members' ideas. _____
- b. help other team members cope with change. _____
- c. encourage others to use their strengths. _____
- d. help the team develop a productive relationship with other teams. _____
- e. willingly assume a leadership role when needed. _____

Total: _____

II. Promote team development.

As a team member, I

- a. volunteer for all types of tasks, including the hard ones. _____
- b. help orient and train new team members. _____
- c. help organize and run effective meetings. _____
- d. help examine how we are doing as a team and make any necessary changes in the way we work together. _____
- e. help identify milestones and mini-successes to celebrate. _____

Total: _____

III. Help make team decisions.

As a team member, I

- a. analyze what a decision entails. _____
- b. ensure that the team selects and includes the appropriate people in the decision process. _____
- c. clearly state my concerns. _____
- d. search for common ground when team members have different views. _____
- e. actively support the team's decisions. _____

Total: _____

IV. Coordinate and carry out team tasks.

As a team member, I

- a. help identify the information, skills, and resources necessary to accomplish team tasks. _____
- b. help formulate and agree on a plan to meet performance goals. _____
- c. stay abreast of what is happening in other parts of the organization and bring that information to the team. _____
- d. find innovative ways to meet the needs of the team and of others in the organization. _____
- e. maintain a win-win outlook in all dealings with other teams. _____

Total: _____

V. Handle difficult issues with the team.

As a team member, I

- a. bring team issues and problems to the team's attention. _____
- b. encourage others on the team to state their views. _____
- c. help build trust among team members by speaking openly about the team's problems. _____
- d. give specific, constructive, and timely feedback to others. _____
- e. admit when I've made a mistake. _____

Total: _____

A Quick Check of My Team Skills

Category

Total Score

Honor team values and agreements. _____

Promote team development. _____

Help make team decisions. _____

Coordinate and carry out team tasks. _____

Handle difficult issues with the team. _____

Interpreting Scores

- A score of 20 or above in any activity indicates an area of strength.
- A score of below 20 in any activity indicates an area that needs more attention.

Questions to Ask Yourself

Looking at your scores, what areas are strengths? How can you maintain these strengths? What areas are weaknesses? What steps can you take to turn these areas into strengths?



Biz Flix *Apollo 13*

This film re-creates the heroic efforts of astronaut Jim Lovell (Tom Hanks), his crew, NASA, and Mission Control to return the damaged Apollo spacecraft to earth. Examples of both problem solving and decision making occur in almost every scene.

This scene takes place during day 5 of the mission about two-thirds of the way through the film. Early in Apollo 13's mission Jack Swigert (Kevin Bacon) stirred the oxygen tanks at the request of Mission Control. After this procedure, an explosion occurred, causing unknown damage to the command module. Before the scene takes place, the damage has forced the crew to move into the LEM (Lunar Exploration Module), which becomes their lifeboat for return to earth.

What to Watch for and Ask Yourself

1. What triggers the conflict in this scene?
2. Is this intergroup conflict or intragroup conflict? What effects can such conflict have on the group dynamics on board Apollo 13?
3. Does mission commander Jim Lovell successfully manage the group dynamics to return the group to a normal state?



Management Workplace *Orange Tree Imports*

As you read in the chapter, the number of companies using teams is growing, but despite the popularity of teams, the challenges in managing teams are not diminishing. Carol and Dean Schroeder own Orange Tree Imports, a specialty gift shop with 30 employees who generate nearly \$2 million in annual sales. To get such outstanding results, the Schroeders have experimented with various techniques as they define team structures at their company.

What to Watch for and Ask Yourself

1. Does the video describe teams or workgroups? Explain.
2. Classify the employees at Orange Tree Imports using the team autonomy continuum. Why did you put it where you did?
3. Is a retail store an appropriate place for using teams?