## 'Top Teams' and their contribution to the Agile Organisation: A Literature Review

"The days of the 'heroic CEO' who sweeps in, steps up, and single-handedly leads the organization to greatness are over. CEOs are increasingly relying on teams of proven and effective leaders to consult, coordinate, and make decisions in a volatile, constantly changing marketplace" (Wageman et al, 2008)

The Hay Group engaged a team of Harvard academics, led by Professor J.Richard Hackman to better understand how highly effective top teams can be created. The result, Senior Leadership Teams: What it takes to make them great is the result of nine years of research covering 120 senior teams and 11 countries across a range of sectors. The key findings of this research are summarised below.

Six Conditions to Create an Effective Senior Leadership Team
Wageman et al
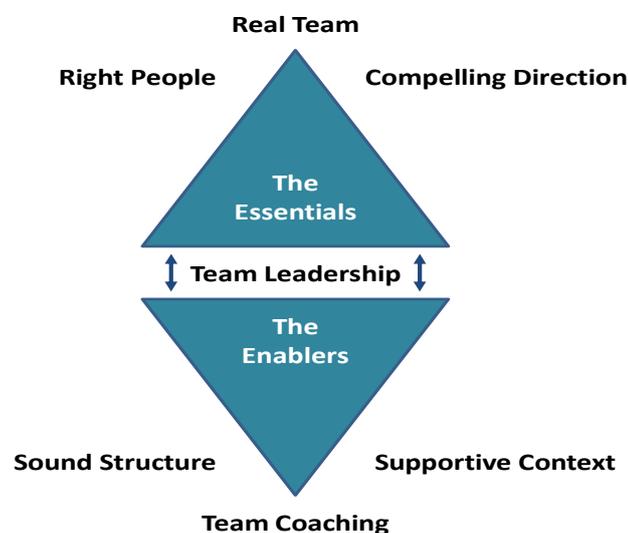
The research led to the definition of a new top team effectiveness model. This consists of three essential conditions and three enabling conditions. We are invited to see the 'essential conditions' as the basic building blocks for a senior team. These three elements are said to work together when implementing changes in a senior leadership team, so changing one of the three 'essentials' will require that the other two are also revisited at the same time. Enabling conditions are said to accelerate progress, improve effectiveness and help the team to deliver outstanding results. The authors guide that these 'enabling' conditions should not be tackled until the 'essentials' are adequately in place.

Hackman and his colleagues have investigated what conditions are needed to foster effective teams and have put forward a theoretical model of the essentials (must haves) and the enablers (nice to haves). There are three major components within the essential conditions:

1. **Real Team** – groups that are bounded, interdependent and stable. For a team to be bounded, team members need to know the boundaries of the team, that is, who is and is not included in the

team and how the various team member roles and contributions connect up in support of the team's goals.

2. **Compelling Direction** - a compelling direction is characterized by three qualities: it should be clear, challenging, and consequential. SLTs need to be able to articulate a specific plan of action. It is also important for a team to perform consequential actions. When bringing a SLT team together, it is imperative to use the time wisely. Agendas for meetings should best utilise the powerful resources gathered together. Senior leadership teams are most effective, according to Hackman, when their work is "consequential". When the outcomes have a significant impact on the organisation and its people.

3. **Right People** - having the right people on the team and avoiding people who will derail or undermine the group's efforts. This suggests that the natural instinct of a CEO to appoint all of his or her direct reports to the board may not be appropriate. Hackman suggests the decision as to who should serve on the senior team "may be the most challenging team leadership question of all". He suggests that it is vital to appoint as team members individuals with integrity, who will abide by team decisions, avoid political manoeuvring and who, when under stress, will not forsake shared accountability.

Hackman indicated that if all three essential conditions cannot be created it is usually better not to have an SLT at all. Conversely, if the essentials are met, an SLT can then strive for the enablers:

1. **Sound Structure** - *A small team with meaningful tasks and clear norms of conduct*

Having good team composition with the right number of people and clear norms of conduct. Hackman suggests that effective senior leadership teams should have no more than ten members and less if possible. Having a team of experts does not ensure effectiveness unless members are able to come together to share, integrate, and utilise everyone's strengths.

2. **Supportive Context** – *Necessary conditions for effective participation*

Achieved through having organisational supports including all the information the team needs and all of the 'resources and materials' necessary to achieve its goals

3. **Team Coaching** – *Building competence and capability as a group*

Receiving coaching from both leaders and peers. Interestingly Hackman found that teams do not improve markedly when members receive individual coaching to develop their personal strengths. The most effective teams he studied were coached as entities in 'real time'.

A second useful source which offers some further insight into why team working is often absent at the top of organisations is Lencioni, 2002. Lencioni highlights five common dysfunctions in teams.

Absence of Trust
Essentially, this stems from an unwillingness to be vulnerable within the group. Team members who are not genuinely open with one another about their mistakes and weaknesses and this makes it difficult to build a foundation for trust.

Fear of Conflict

Teams which lack trust, often lack an ability to engage in unfiltered and passionate debate about ideas. This fear of conflict leads to veiled discussions and guarded comments. Political behaviour dominates.

Lack of Commitment

Lencioni then argues that this lack of healthy conflict leads to a lack of commitment. Without having aired their opinions in the course of passionate and open debate, team members rarely, if ever 'buy in' and commit to decisions, though they may feign agreement during meetings.

Avoidance of Accountability

Without committing to a clear plan of action even the most focussed and driven people often hesitate to hold their peers to account on actions and behaviours that seem counterproductive to the good of the team.
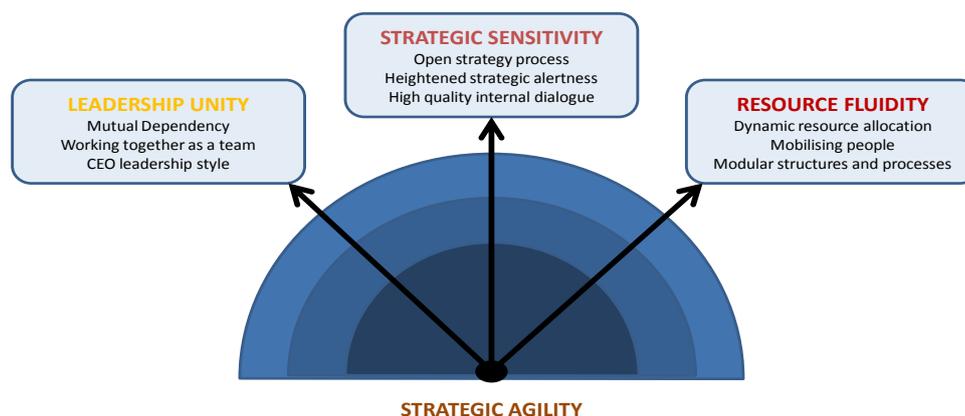
Inattention to results

Finally, a lack of attention to collective results is prevalent; team members put their individual needs (ego, career development, and the needs of their Unit) above the collective goals of the team.

Doz and Kosonen (2008) conducted research in to the components of a strategically agile organisation and studied a number of ICT companies given the twin challenges of speed of emergence and the erosion of industry boundaries. This 'unstable' environment which had been subject to a series of ongoing technological and market disruptions was, they felt, a good place to observe strategic agility. Their research led them to define three elements they saw as being key in building a strategically agile organisation.

The Vectors of Strategic Agility

Doz & Kosonen, 2008

STRATEGIC SENSITIVITY
Open strategy process
Heightened strategic alertness
High quality internal dialogue

LEADERSHIP UNITY
Mutual Dependency
Working together as a team
CEO leadership style

RESOURCE FLUIDITY
Dynamic resource allocation
Mobilising people
Modular structures and processes

STRATEGIC AGILITY

Strategic Agility: the Key enabling Capabilities

Strategic Sensitivity: both the sharpness of perception and the intensity of awareness and attention
Resource Fluidity: the internal capability to reconfigure business systems and redeploy resources rapidly
Collective Commitment: the ability of the top team to make bold decisions -fast, without being bogged in "win-lose" politics at the top

Doz and Kosonen offer helpful insights into the role and contribution of a top team to building a strategically agile organisation. They focus on the need for top teams to reach agreements on critical redirections and make strong, unified commitments. They suggest that the most basic mechanisms for enhancing collective commitments are interdependent action agendas and incentives. These all designed to build greater 'cabinet responsibility'. They argue that the adoption of a true corporate perspective is not possible if the corporate role is subordinate to the 'primary' line role and advocate that organisational interdependency gives substance to a shared strategic agenda. Top team members, they argue, should become deeply dependent on each other in practically all matters. They become interdependent contributors to an integrated corporate strategy, instead of individual subunit 'barons' pursuing separate business strategies and agendas.

One potential block they foresee to this integration of responsibilities is the potential for dysfunction if the right collaborative processes and practices are not in place. They observe that a constructive open dialogue is not natural for many well established top teams. They advocate that "the main way to contain the risk of public agreement and private dissent is to embrace conflicts and address them via substantial dialogue in the top team." They are suggesting, in effect, that senior executives in integrated companies need to become more comfortable with direct, informal dialogue.

Finally they note that 'adaptive leadership' skills are rare among typical top team members. They suggest that top executives are used to 'knowing better' and thus when approached for advice they make decisions using their wide experience and expert judgement. This works when operating within a known and stable market, but arguably not when the company faces increasing ambiguity and needs to choose a new course, or perhaps even construct a new business model, in the face of unforeseen discontinuities. They are particularly clear that leaders in this situation should try not to provide answers, as nobody is likely to know these for sure, but rather set a context for and guide the search for a feasible answer to the challenge at hand. The role of the leader in this situation is to provide a foundation for collective work. They see that adaptive leadership starts at the top and that the behaviour of the CEO makes the difference between a real team and a 'non-team' at the top. "It is hard for the rest of the top team to adopt new kinds of interaction patterns and roles if their CEO does not appreciate and practise collaborative behaviour. "

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