


Top team effectiveness and how to develop it

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Dr Michael (Mike) Beer, Professor Emeritus from Harvard Business School, explains top team effectiveness and how to develop it

Organizations have tops, middles, bottoms, and customers. ⁽¹⁾ They are hierarchies that must serve customers well to survive and prosper. The role of top teams is to define the enterprise's strategic direction and ensure it is organized, managed, and led to execute that direction effectively.

Yet, top teams too often do not fulfill their role effectively. We know this from 30 years of work with hundreds of organizations whose leaders have come to me and my colleagues at TruePoint, a consulting firm composed of scholar-consultants, for help.

How do you ensure and develop top team effectiveness?

Our practice is to give key middle-level people the opportunity to have an honest conversation with their top management team about the organization's effectiveness. The Strategic Fitness Process method was designed to provide a way for truth to speak to power safely. Through a task force that interviewed a cross-section of the larger organization about strengths and barriers to organizational effectiveness, the top teams are seen as a barrier to effectiveness and performance in virtually all of the hundreds of organizations we have worked with and studied.

The feedback includes the following issues: conflicting priorities, fiefdoms, and lack of coordination and collaboration. Task forces report that these issues are damaging the organization's effectiveness in executing its strategic task. ⁽²⁾

Many other studies, including seminal research by Don Hambrick, have confirmed these findings. Consider what a VP of Marketing said about his [top] team: ⁽³⁾

"Team? How do you define a team? When I think about a team, I think of interaction, give and take, and a shared purpose. Here we are a collection of strong players but hardly a 'team'. We rarely meet as a team – rarely see each other, in fact. We don't particularly share the same views. I wouldn't say we actually work at cross-purposes, but a lot of self-centered behavior occurs. Where's the 'team' in all of this?" ⁽⁴⁾

Astonishingly, CEOs see the same thing in their own top team. ⁽⁵⁾ This tells us just how difficult it is for leaders to develop effective top management teams. CEOs know their top team is ineffective and know that their top team's ineffectiveness is an essential ingredient in the underperformance of their company but do not know how to create change and improvement.

They have the power to do it, yet cannot seem to achieve it. Hambrick, like me and my colleagues, concludes: ⁽⁶⁾

“Executives who lead top management teams (TMTs)-be they CEO or business unit heads-are often stymied in their quest for company performance precisely because of their teams. TMT leaders are like other managers in encountering as much frustration over ‘people problems’ as over any other types of business challenges. And deficiencies within the top team – say, a ‘problem executive’, destructive rivalries, or groupthink- prevent success in dealing with other business issues. Without a completely capable, effectively interacting top executive group, the company cannot adapt readily in a shifting environment.”

What to do if the top team are ineffective

Not all top teams need to be effective – meet frequently, come into the meeting ready to be part of a cohesive team willing and capable of exchanging ideas, learning, resolving differences and agreeing to the best solution based on facts. These capabilities are only needed in top teams whose members manage interdependent value adding activities.

If you manage such interdependent functional departments, business units, or regional organizational units, I recommend you employ the action plan below:

1. Assess the extent of your top team members’ interdependence. Do the value-creating activities reporting to you have to coordinate their decisions and activities? For example, developing a new product requires coordination between product development, marketing, and manufacturing.
2. If your value-adding activities require coordination, you will have to invest a significant amount of time and resources in them. One reason so many top teams are ineffective is that CEOs and general managers of business units do not invest sufficiently in the process of creating such a team. They let the urgent drive out this important developmental task.
3. If you decide you need a team in the full sense of the word, develop a vision of how it must operate and the skills you and the group need to develop.
 - o a. Do you, as a leader, have the desire and skills to lead a highly interdependent and effective top team? If you are honest with yourself, you may be surprised by your answers. One of the root causes of ineffective top teams is leaders who do not really want to lead a team, do not have the skills to do so, or do not want to develop them.
 - o b. What characteristics should your team members possess and need beyond expertise in their discipline? Do they have these skills? Can they develop them, or do you need to replace them?
 - o c. How often should your team meet?
 - o d. Do you need to differentiate the purpose of these meetings – some to review operations and some to discuss and plan strategy?
 - o e. How much participation do you want in setting an agenda?

4. Bring your team together to discuss your vision, and if you have concerns about their effectiveness as a team, tell them what they are and your desire to change the team – to develop its effectiveness. Advocate for an effective top team and clearly signal that those unwilling and able to learn do not belong on your team. Follow up with each member with a conversation about their fit with your vision.
5. Hire an organization/team development consultant to help you with this process. With his/her partnership, develop a process for developing an effective team. These should include the following:
6. The consultant:
 - a. Interviews each top team member about how they assess the team's effectiveness – its strengths and barriers to it.
 - b. Synthesizes information into themes and feeds these back to the team.
 - c. Promotes discussion of the data collected and helps develop potential solutions to these questions.
 - i. How often should we meet?
 - ii. What ground rules for discussion do we need?
 - iii. What ground rules for decision-making do we need? Too many teams have needless discussions to try to reach a consensus. At what point should the leader decide, and what exactly does that process look like.
 - iv. What suggestion for change in leadership behavior does the team have for the CEO/General Manager?
7. Schedules periodic team development meetings and repeat step 5 above, particularly when new members have joined.

Looking ahead

To team effectiveness is subject to the same entropy – continued decline – as are all human systems. Circumstances change, requiring new roles and behaviors by the top team. Turnover decreases the individual and group capabilities needed to maintain an effective top team.

So, continued investment is required. Are you motivated and ready to make this investment? Only you can decide.

References

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