

CCO 2nd Mar
gr e
X-FWT 2003

A model for team-based organization performance

Russ Forrester and Allan B. Drexler

Executive Overview

The team-based organization performance model is a map for the landscape of organizations that use a lot of teams. The critical issues that team-based organizations must resolve to perform effectively are: formation, getting the right pieces in place and fitting them together; dependability, making reliable connections between the parts; focus, targeting the direction and goals of the organization and its accountability processes; buy-in, the ownership of and involvement in the organization's work and the issues of power and control; coordination, achieving smoothness and consistency in an organization's operations; impact, the impression the organization makes on itself and its clients; and vitality, the energy that starts and sustains the organization over time, and the capacity it has to learn and adapt. This article visits each of these landmarks, illustrating them with company examples, examining the keys to mastering them, and describing detours that some organizations have taken and how they got back on track. The article also provides an aerial view of the elements and their relationships.

On the Side Benefits of Filing

We developed the team-based organization performance model as a result of going through some files in our consulting practice. As we looked through the files and recalled the companies in them, the model gradually emerged. What follows is a tidied-up version of our discovery, with the names of the companies and identifying details changed to respect their privacy.

The Wheelwright Information Services File

Wheelwright Information Services collects technical information and provides it to clients to use as a basis for research and development, technological investment, and other decisions. The Wheelwright database has more than 41 million records, and the company responds to more than three million requests for information annually. It conducts two gigantic operations: collecting and recording information, and responding to requests for information through various media from clients.

For most of its history, Wheelwright was a traditional hierarchical organization, organized by function and geographic region. Its operations are highly automated, with extraordinary standardization across work groups, extremely detailed pro-

duction measurements, and close controls—a classic production system. In the early 1990s, a manager in the Systems Development Section deliberately introduced work teams into his organization, quickly achieved both reductions in costs and improvements in customer satisfaction, and was designated as a champion of the team concept to replicate his success throughout the organization. During the course of implementing this plan, we were called in to help. What we found was that Wheelwright had created some promising elements of a team-based organization, but hadn't found a good fit for them.

The impetus for change rested on the premise that what worked well in one environment would work as well in a much different environment, albeit in the same company. The major work of the organization didn't on the face of it involve much interdependence among group members. The whole culture of the organization was autocratic, with emphasis on central management, top-down decision making, and uniformity of practice. There was little interest in giving greater power to the groups to be relabeled as teams. The entire compensation system was highly sensitive to production and focused exclusively on how individuals performed in relation to their standards.

Our work with Wheelwright Information Services, through consultation and training of the staff designated to implement the change, consisted largely of sorting through these fundamental issues about forming a team-based organization, getting the needed parts in place, and building the support systems required. From this and similar work with other clients, the team-based organization performance model took shape. As shown in Figure 1, each element of the model is represented by a sphere labeled with the name of the element and the quality that results from handling it well. The sphere is bracketed by two sets of three features of the element. One set, the Keys, gives the focal points of attention and action to master the element. The other set, the Offkeys, describes the conditions that tend to result when the element or one of the Keys is not handled effectively.

Formation,¹ the first element, involves establishing the teams an organization needs and the setting in which they will work, and giving them the support they need to contribute to the organization most productively. The objective is to give teams the grounding they require to be successful, to shape the contours of the organization in ways that are friendly to teams, and to provide the kind of environment where teams can prosper, grow, and produce. The product of effectively managing formation issues is balance in the organization. Teams and other work units are in proportion, they fit together, make sense as a whole, have everything they need, and not much of what they don't.

The product of effectively managing formation issues is balance in the organization.

Keys to Formation

Composition

The first concern for an organization is whether it has the pieces in place that it needs—teams formed where they can best do the work to be done, clear charters for each of them, and the right people on the right teams.

Coherence

This quality exists when all of an organization's parts hang together well. They fit and form a whole that is complete, internally consistent, and has what the organization needs to achieve its purposes. Some of the fits that have to be attended to

are: between the best work processes that can be achieved and the use of teams as an organizational unit; among individual teams as they play their part in the work process; between the organization's philosophy of management, as practiced more than as espoused, and policies and practices related to the use of teams; and between team ownership or responsibility for work and members' involvement in decision making, control of resources, and other uses of power. Perhaps the greatest challenge facing an organization moving to a team basis is achieving a goodness of fit among all of its elements, systems, and dynamics.

Supportive Systems

For a team-based organization to be successful, the on-going organizational systems and structures must be supportive of teamwork, including employee selection processes; compensation and reward programs; performance appraisal processes; training programs, particularly with reference to team-skills and multiskill or pay for skill programs; information systems to meet the needs of empowered teams; and planning and resource allocation systems.

Offkeys

Incongruence

When organizations don't form teams thoughtfully, organizational anomalies arise. Teams are formed where they aren't really needed, sometimes based simply on the notion that teams are a good thing. Some work continues to be done by individuals or groups that could better be done by a well-constructed team. Organization structures not fit for teams are in place.

Team Isolation

Without a clear sense of how the organization forms a coherent whole or how teams fit into the overall scheme of things, teams tend to act autonomously and become isolated. They read mixed signals from the organization, experience confusion, and fail to identify with the organization as a whole. Their focus becomes their own agenda and they may actually act to insulate themselves from the rest of the organization.

Organizational Barriers

Because of misfits, teams frequently run into barriers and are thwarted from doing their best work.

Team-Based Organization Performance Model

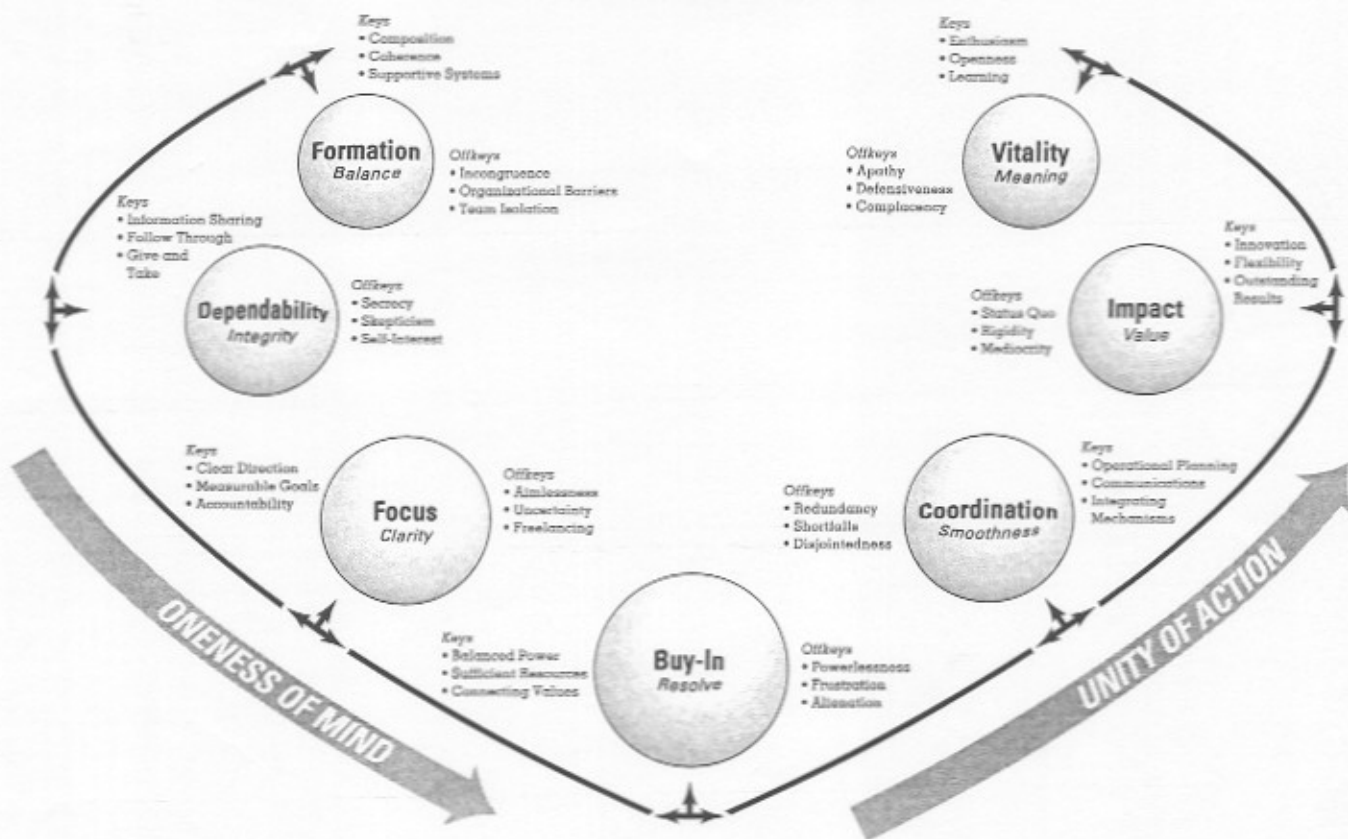


FIGURE 1
Team-Based Organization Performance Model

The resources or skills they need may not be available in the organization. Compensation, appraisal, and recognition systems oriented to the individual may encourage self-serving behavior rather than the teamwork the organization needs. Information systems may not be capable of providing teams with essential information. Part of the organization's energy may be drained in attempts to overcome self-imposed obstacles.

The Regional Telecommunications, Inc., File

Regional Telecommunications, Inc. is a medium-sized telephone and telecommunications company serving a large segment of northern North America. At the initiative of high mid-level management and with the acquiescence of top management, Regional Telecommunications set out to convert to a team-based organization. And it did so more smartly than many organizations. It formed teams of people who had previously been specialists: order writers, resident installers, cable repairers,

and switch maintainers. In addition to forming appropriate teams, Regional Telecommunications supported them to learn what they needed to be successful: cross-training in technical competencies, team skills, and management of the diversities within the teams. While doing a lot of things right in its organizational transformation, Regional Telecommunications came on a major stumbling block: The management planners had put off informing the union representing employees on the work teams that the reorganization would enable them to reduce staff count by one-third. Management refused to guarantee the security of employees or to even address the issue. The union pressed for information, but kept getting a busy signal, so to speak. The union dug in, and employees began questioning the need for any change at all and cooperated reluctantly. The focus of our consultation moved from training to reopening the lines of communication and building some measure of trust and feeling of security among the parties.

The Regional Telecommunications case illustrates another feature essential to the performance of team-based organizations: Dependability.² This feature affects how well teams in an organization can count on one another and on the organization. It is influenced heavily by the level of information sharing and openness, first between the central organization and teams, and also among teams. Dependability also includes teams' consistently doing what they say they will do, keeping commitments to one another and to the organization, and the organization's doing likewise. The perception of dependability may be tested most when one part of the organization is asked to yield something of value for the sake of the whole or another part. The product of managing these issues well is organizational integrity.

The perception of dependability may be tested most when one part of the organization is asked to yield something of value for the sake of the whole or another part.

Keys to Dependability

Information Sharing

The foundation of trust is the full sharing of important information. The key question is what information is shared with whom, and maybe more importantly, what is held back? Teams can't act responsibly unless they are well informed. They can't have confidence in an organization that holds back what is most important for them to know. Nor can organizations rely on teams that are guarded and secretive.

Follow Through

For the organization to be effective, teams have to believe they can depend on one another to come through, and on the organization. Particularly where they are vulnerable, will the organization and other teams take care of them? With consistent follow through, trust holds the organization together by holding teams to the center and to one another. Without it, all of the information sharing in the world is just talk.

Give and Take

Teams may be called on to give in different ways for the good of the whole or other teams, to set

aside their own interests for the general welfare. For example, a team may have to cede some of its autonomy so that processes can be standardized and all teams can count on their working in a fixed way. On the other side, an organization might well forego some short-term efficiencies to provide the security that teams need to focus their energies on their work.

Offkeys

Secrecy

People within the organization give out information sparingly, seeing it as a source of power and withholding it as an advantage over others. Suspicion of the motives of others leads them to communicate as little as possible and to deal with one another strategically and tactically, rather than straightforwardly.

Skepticism

Units within the organization often don't follow through and do what they say they are going to do. As a result, there is little confidence across organizational units. Teams tend to be skeptical of one another, take matters into their own hands, feel they can't rely on anyone else, and suspect the motives or competence of other organizational units.

Self-interest

Because they can't rely on one another, teams tend to get focused on themselves. They don't see the organization or other teams as allies but rather as opponents or obstacles. They have little interest in serving the needs and interests of others. They play games and maintain the appearance of supporting others, but in fact their focus is on themselves above all.

The Morton Chemicals File

Morton Chemicals is an international leader in silica-derived products. It has 26 plants worldwide, 60 percent in the U.S. and Canada, 32 percent in Europe, and eight percent in the Pacific rim. Its catalysts and other products are used in the manufacture of beer, in detergents to make them biodegradable, and in ceramics. The company is doing well financially, with annual sales in the \$500 million range. Morton Chemicals is aiming for a 15 percent annual growth rate for the next ten years, primarily through expansion

in the Pacific rim. The company has traditionally been organized into separate businesses that correspond to product lines. To make the most of the opportunities in the Pacific rim, the CEO and COO are intent on getting more collaboration across businesses. Their primary strategies are to rely more on the use of teams across business units, and to redefine the role of the executive team. In our work with Morton Chemicals to build an identity with the corporation throughout the business, a crucial phase was clarifying the goals that were common to all business units and the teams within them, and designing compatible systems of accountability.

The top executives and the board of directors of Morton Chemicals were crystal clear in the general direction they provided, where they wanted the company to be in ten years, and the general strategies to be followed in getting there. The core team of business unit representatives recognized and accepted the notion that they were going to be accountable for the success of the company, not just their component, a difficult break from tradition. They worked hard to identify the areas in which they could work together to support the company's vision. From there, it was difficult work but a straightforward matter to develop shared goals, with various measures of success. In doing so, they also sorted through how their systems of accountability had been applied and how they needed to change. For example, the business unit, which had been the cash cow for the company but promised little growth in the future, had to be evaluated by different standards from developing businesses, which had not shown a profit yet, but held the key to the company's future growth. As these issues came into sharper relief, Morton Chemicals began to jell as a team-based organization.

Our work with Morton Chemicals captures the essence of another element of the team-based organization performance model, focus.³ Focus has to do with the organization's clarity of vision and its precision and accuracy in marking progress. At one level, the concern is with the clarity of its overall vision and how well it communicates its vision so that teams can set their sights well. At another level, this element addresses how goals are assigned to teams, how clear they are, and the coherence of the goals collectively. Finally, focus is about training teams' eyes on the goals through systems of accountability, taking stock of how well goals are achieved. The quality that emerges from achiev-

ing focus is clarity. The organization and its teams know just what they want to do.

Keys to Focus

Clear Direction

This key to organizational focus is to point teams in the direction the organization wants to go. It is first an exercise in imagination, becoming clear about a vision to move toward, then communicating the vision to work teams. By setting a clear direction, the organization also sets the boundaries within which teams work.

The quality that emerges from achieving focus is clarity. The organization and its teams know just what they want to do.

Measurable Goals

Ray and Bronstein (1995) state, "Without goals which can be measured, there is no team," and label that statement the "most important sentence" of their book. There is a good deal of evidence that what enables organizations to empower teams is having measurable goals, that, in effect, fix the boundaries of what they can do or can't do, and become the basis for their accountability.

Accountability

The central message is that performance matters. Accountability is the organization's way of saying that it makes a difference whether goals are reached or not. How things will be different may vary widely across organizations, but if there is no difference, then performance doesn't matter much. In managing this key aspect of performance, the organization reduces confusion and enhances clarity by specifying exactly who is responsible for exactly what. And it builds in consequences both for goal achievement and shortfalls.

Offkeys

Aimlessness

Without clear goals and a sense of direction, teams tend to drift. Their actions are wasteful and inefficient because they aren't targeted. They work in a scatter-shot way, in fits and starts, beginning this then shifting to that. At best, they drift in the same general direction but without the crispness and precision that clear goals would give them.

Uncertainty

Teams feel their way along and try to guess what is expected of them and what needs to be done. They spend a lot of effort talking about what they are to do and trying to read the tea leaves management has given them. They work tentatively and halfheartedly, trying not to become too fully committed to a course of action that turns out not to be the right one. They also worry about how they'll be evaluated and the consequences of it for them, since they aren't sure of the basis on which their performance will be judged.

Freelancing

In an ambiguous situation, teams might strike out on their own, move in a direction that doesn't consider the interests of the organization as a whole, and commit resources and time to work that is either indifferent or contrary to the preferences of the organization. Lack of accountability might encourage teams to work their own agendas, whether or not they are in service of the organization's broader purposes.

The Jefferson School District File

The Jefferson School District in California, operating in a highly charged political environment, had organized into teams around individual schools. The district superintendent, his deputies, staff specialists, and the school principals formed a governing or coordinating team to make policy and resource decisions, and set a direction for the district. Our consultation with this team eventually focused on issues of power and control.

As we worked through the issues, it became clear that all of the key players in the Jefferson district were feeling a power shortage, because of interference, as they saw it, from the board. The school principals were feeling most helpless because the new superintendent and his new staff were moving aggressively to breathe life into a situation they saw as stagnating and were forcing the action. In response, many of the principals withdrew and devoted themselves only to their individual schools. A primary objective of our work with Jefferson was to regain ownership by the school teams of the whole effort in the district and to get their buy-in to the course of action the district was taking. In exploring ways to empower the school teams, we looked at the traditional sources of power and how they might be redistributed: Who has the money (or other resources) and control of it? Who has information and access to it? Where

is the expertise and how is it used? Who makes decisions effectively? Who controls what benefits? Whose positions carry authority? And how is the organization willing to change the balance on any of these power bases?

Buy-in⁴ to the organization's course of action is a central dimension of the team-based organization performance model. It represents both the bottom line and the turning point in the organization's move to high performance. Buy-in has to do with the commitment teams and individuals have to the goals and direction the organization has set or allowed to be set, and with their determination to do what it takes to realize their goals. To the extent that teams are internally committed to the work they are doing, see its rightness for the organization, and feel they've been properly involved in decision making, they have a sense of ownership of their work and a resoluteness in doing it. An organization with a mastery of this element is resolute. It is constant in its determination to fulfill its vision and realize its goals.

Keys to Buy-in

Balanced Power

The organization needs to make deliberate decisions about how much freedom and discretion it will allow teams, and how much it wants to retain control centrally. It also needs to address how teams will be involved in or have input to decisions that are made centrally. The word balance in the name of this key dispels the notion that vesting complete power and authority in work teams is an ideal. The judgment about delegating power to teams is influenced by a number of factors, including the level of interdependency between teams, the size and number of teams, the diversity of functions or disciplines represented on teams, the rate of change, the skill level of teams, and their life span.

Sufficient Resources

The organization has to make choices about how to use its total resources, about how much and what to allocate to different work and different teams. The resource levels applied dictate the limits of what teams can do and communicate the organization's priorities in time and money. The issue of resources is also a matter of finding the best balance.

Connecting Values

Where teams have the freedom to act and the resources to be productive, they will tend to buy into the organization's enterprise when one other condition applies: that the organization's work taps a deeply held value or set of values. This connection to what is most important or meaningful to teams and their members creates a sense of mission and an esprit de corps that bonds teams together and to the organization as a whole.

Offkeys

Powerlessness

Teams may see themselves as pawns in a large organizational game, unable to control their own fates, at the mercy of the whim of management or the vagaries of the actions of other teams. They may feel like victims, put upon and taken advantage of, asked to do what is beyond their resources or capabilities, pressed or oppressed by decisions that are not their own and on which they have little influence.

Frustration

Without adequate resources in money, time, material, or equipment, teams may feel frustrated and conclude that there's no point to trying since they are foreordained to fail, or that nothing they do will ever be good enough. Continually raising the bar may make yesterday's triumphs tomorrow's failures, and doing more with less may eventually wear thin.

Alienation

Teams that aren't involved in decision making and setting the course of the organization may disown it, view the path they are going down not of their own making, and feel little responsibility for the result. They may adopt a minimalist approach, and even engage in sabotage, to assure that their dissent from the direction their work is taking is validated.

The Plant Engineering Division File

The Plant Engineering Division is a team-based organization within a company that makes soft drinks. The organization's mission is to build or renovate the company plants. At any given time, the Plant Engineering Division has several major projects. For each one, there is a core team consisting of cost center managers who are plant employ-

ees, and representatives of various contractors who are doing the work. Each of the principals on the core team is also a leader of a team or teams, which in turn may have sub-teams. As a project moves from conception to proposal, and through the design, construction, and testing phases, the players change. The primary team members during design are often not involved directly in construction.

The Plant Engineering Division is a high performance organization, and one reason why is that it pays attention to planning and coordination. A project team leader has to be as skilled in project management as in engineering. Every team goes through a detailed start-up process, including not only those involved at the start but those who will be involved at the end or anywhere in between. The project plan is highly detailed and subject to continuous changes. Communicating changes to all parties is an explicit responsibility assigned to one individual. Meetings of the whole group and various subgroups are incessant, and key members are electronically connected. When decisions are made, the information cascades down through all teams involved. When there is a glitch in communications or a conflict among parties, Plant Engineering does what it needs to do to get back on track. Our continuing consultation to the division often relates to some aspect of its planning and communication processes, and to connecting all of the players together in a way that helps it achieve the smoothness its clients demand.

In the midst of the Plant Engineering file, we uncovered another element of the model—coordination.⁵ In a more lateral organization, most decisions aren't made at the top, so the impulse to action may come from many different places in the organization. A necessary implication of more scattered decision points is that more information has to be available throughout the organization. And so the challenge of coordination, of the whole organization's acting more or less in unison, is magnified. The product of handling coordination well is smoothness. Things blend well, they flow. Events happen in due course, outputs of one part are there as inputs for others when needed. The people in the organization and those who depend on it have a sense of control and confidence that things will be as they need to be.

Keys to Coordination

Operational Planning

Once goals are set, the organization has to establish an approach to accomplishing work, and have

an overall plan into which the plans of individual units fit. In their planning processes, organizations have to find an effective balance, giving their teams the clarity and structure they need, but allowing them the flexibility to take advantage of unforeseen opportunities and respond to unpredicted events.

Communications

To stay aligned, teams need to talk to one another and to the organization. For this to happen well, mechanisms and practices through which communications flow must be developed. The primary issues are: Is there enough communication among teams and between teams and the center of the organization? If not, why not? Are people and teams sufficiently available to one another or are they consumed by busyness? Are the needed communications mechanisms, such as meetings, E-mail, messages, phones, and newsletters, in place to assure information flow up, down, and sideways? Is there a proper balance—are we overcommunicating? Team-based organizations need to establish channels of communication, get clear about the information needs of all parts of the organization, and monitor both the level of communication and the noise level.

Integrating Mechanisms

Organizations with empowered teams need to make full use of any mechanisms available, in addition to the basic organizational systems, that tend to integrate their work into a coherent whole. Some commonly used mechanisms are informal connection, liaison roles, overlapping membership, cross-integrating teams, management teams, representative integrating teams, individual integrating roles, and improvement teams. Beyond these explicit links, organizations may use a variety of means to tie together the work of many teams, including shared common processes, overarching policies, common values, all-hands meetings and conferences, shared progress reports, and system assessment measures—anything that clarifies where teams are intended to be at any point in time, where they actually stand, and where they are aiming to go next. Integrating mechanisms are particularly critical when teams in an organization don't frequently meet face to face, are dispersed geographically and across time zones, or rely on virtual systems to stay in contact.

Offkeys

Redundancy

Teams may duplicate the work that another team or other teams are doing, build systems or do research that has already been done, or spend unneeded effort. Reinventing the wheel may be commonplace, and the not-invented-here syndrome may prevail too often.

Shortfalls

Work that needs to be done might be unfinished at best, unstarted at worst. Things important to the organization may never be thought of, or if so, never implemented because the location of responsibility is unclear. Things fall through the cracks, teams assume that others are taking care of them, and work stalls because of performance gaps.

Disjointedness

There is little smoothness in the organization's work. Teams keep getting in each other's way, experience friction among themselves, or have little awareness of each other's activities. There is no coherent plan of action or schedule of activities to guide their activities and give their operations the crispness and efficiency they need.

The HL&W Instruments File

HL&W Instruments, Inc., is a small midwestern manufacturer of technical instruments, including thermal sensors, water quality gauges, and bioanalytical instruments. It is moving toward a related field, environmental monitoring. In the past twelve years, HL&W has transformed itself, the way it does business, and its position in the market place.

In 1985, HL&W was a modestly successful, technically competent company in a market that wasn't particularly competitive. Though it was an industry leader, it wasn't really going anywhere. Its management style was paternalistic and informal, with relatively low expectations of employees. With 335 employees, it generated about \$18.5 million in revenues. With the leadership of a new CEO, HL&W recreated itself. The company got in touch with its core values, which centered around respect for the person, equality, diversity, and the dignity of the individual. It also formed a vision of what it would be. To get there, it changed its way of managing to a more participative and open style, but one that was more demanding of performance and insistent on operating in a way that served its vision and values.

What HL&W accomplished is impressive. New products and technologies were developed, either independently or in collaboration with a variety of business partners. Revenues nearly doubled to \$35 million a year, while employee productivity increased by a factor of 2.5. Employee profit shares rose from something on the order of \$50 in 1986 to about \$2,000 in 1996. HL&W has become a global player, with offices now in several locations in Europe and Asia. It is constantly exploring new ways of doing business, creating valuable partnerships and other joint ventures. In passing through the white water of its journey, HL&W has not only stayed afloat, but has gained strength and stability.

Although HL&W has made tremendous progress, it hasn't moved unerringly in a straight line. Along the way, it tried and abandoned a number of approaches. However, its missteps did not deter the firm, or put it off course. It bought a New England company specializing in environmental monitoring systems, married their product lines, and increased the revenues of that business from \$250,000 to \$8 million in four years. It formed a partnership with Tufts University to take advantage of research into fiber optics that it needed. It entered a joint venture with a company in New England that makes control boards compatible with the water probes HL&W makes. The emerging picture from this flow of events is a company that is innovative in its own right, opportunistic, willing to experiment and to form alliances with partners where there is a mutual interest—and is highly successful.

How did HL&W achieve this kind of success? As we have consulted to and observed HL&W throughout this period of change, it has systematically and deliberately transformed itself. The steps the company took include:

- It reorganized completely around empowered work teams. In doing so, it made teamwork, empowerment, and employee involvement an explicit company strategy.
- Since the impetus for change was top down, the management philosophy, values, and methods of operations fit into the new organizational structure. The top management team was crystal clear about the direction HL&W was taking.
- HL&W created systems that supported the high-involvement, team environment. It adopted the Drexler-Sibbet Team Performance Model, trained everyone in the company on its principles, and gave them the skills to work as teams. Employee selection procedures, compensation systems, financial processes, and planning and

information systems were all redesigned. The company developed an employee stock option program and a profit sharing program. Training and employee development became a constant feature of work life at HL&W. The orientation program for new employees changed from three hours to one week.

- HL&W developed a flexible work force. With an emphasis on cross-training, it is able to move people and teams around to satisfy work load needs on its production teams.
- Employees were given access to financial data and trained to understand and interpret what they meant. There were meetings of all kinds focused on cost cutting, process improvement, quality management, and the structure of the work environment.
- Accountability for goal accomplishment was clearly structured and accounts were kept.
- Much, but not all, decision-making authority was transferred to teams organized around product lines, with emphasis on ownership, both of the action and the consequences.

Over an extended period of time, HL&W has been a high performing system, making a difference in the field in which it works and for its customers and employees. It illustrates impact, the penultimate feature of a high performing team-based organization. HL&W demonstrates that high performance comes not simply from establishing teams as a primary unit of work, but by managing effectively all of the elements that are critical to team-based organization performance.

HL&W demonstrates that high performance comes not simply from establishing teams as a primary unit of work, but by managing effectively all of the elements that are critical to team-based organization performance.

Impact has to do with the advantage implied by high performance. The product of an organization handling this element well is that value is added. The organization creates value for its clients and serves the values of its members, both in what it does and how.

Keys to Impact

Innovation

A hallmark of high performance organizations is that they go beyond what is known and has been

done, they are inventive, they create new products and processes, and work with a style that is their own. Creative organizations may have specific standards around innovation, live by values that encourage challenging the status quo, and have systems that support new or adventurous projects. Teams in the organization may seem restless and little inclined to stand on past success.

Flexibility

High performance organizations adapt and adjust on the fly. While maintaining what is most important to them, they let go of what needs to be let go of and move on. They are opportunistic and see possibilities before others. The boundaries between teams and projects may be soft, enabling fluid movement between organizational units. There is an easiness to the flow of work, with teams not feeling artificially constrained.

Outstanding Results

The ultimate measure of high performance is results. Organizations with impact make a significant difference. Their impact may be in terms of immediate payoffs—profits yielded, products generated, or innovations introduced. They might also have other effects, such as overcoming what had been seen as insurmountable obstacles, turning around a difficult situation, changing the way business is done, altering the long-term direction of the organization or reshaping its overall values, or preventing a crisis. By any reasonable measures, the organization excels at what it does.

Offkeys

Status Quo

There is minimal emphasis on innovation or creativity. The focus is on doing well what has been done in the past, preserving and protecting what has been successful. New ideas or projects may not be encouraged. People approach problems and possibilities with blinders on, to some extent prisoners of the past. Risk taking is low.

Rigidity

Teams and the organization are most comfortable in a stable situation following well-established procedures and fixed routines. They tend to be disconcerted by shifting demands, course corrections, volatile market conditions, and changes in direction. They become confused or disheartened

and feel the rug has been pulled out from under them when the unexpected happens.

Mediocrity

The performance of the organization is flat. It may be acceptable or it may be declining, but it is by no means extraordinary. Doing the same things the same way produces the same result. There is little excitement in the way work is done, and little remarkable in the way things turn out.

The National Systems Management File

National Systems Management was founded in 1970, with a mission to serve the information management needs of its clients. A major part of its business was with the U.S. Department of Defense and aerospace agencies. For more than a quarter of a century, National Systems Management has prospered not only because of its pioneering role in the field but because of its capacity to adapt. It gradually diversified, forming 14 separate divisions providing an array of services to clients, from financial institutions to telecommunications firms.

With the cutback in the federal budget and reductions in defense and NASA contracts in the 1980's, National Systems focused its efforts more on the manufacturing sector and looked outside the U.S. for new markets. Its no-layoff policy enables it to retain its highly skilled and trained work force through fluctuations in business levels and provide a measure of continuity. It has decentralized, giving a great deal of operational autonomy to its 14 business units. The decentralization has been balanced in one way by retaining central control of major strategic financial decisions. National Systems has also taken steps to avoid the potential for competition among the independent divisions with overlapping market targets. One way the firm reduced the pressure to compete among business units was by establishing project teams that cross business units. In the last several years, the company has made a significant investment in enhancing the performance of its work teams. Its commitment to learning and adaptability have enabled it to more than triple its overall revenues despite the reductions affecting the defense industry.

National Systems Management illustrates vitality, the final element of the model.⁷ Vitality has to do with the processes by which a team-based organization sustains itself, finds and maintains its energy level, and taps the motivation of its members to serve the purposes of the organization as well as their own. When an organization effec-

tively addresses this element, the people in the organization are more likely to find meaning in their work. They are drawn to their work, fired up to do their jobs, and bound to one another by the shared meaning they find in what they do.

Keys to Vitality

Enthusiasm

An organization and its teams are an energy system. The energy, which gives the organization spirit and life, has to have a source. One source is the intrinsic value of the work the organization is doing, enabling its members to find meaning in it. The organization needs to stay in touch with how it is managing its own energy level. Some key issues are: What meaning do people find in their work? Do teams or individuals make or take opportunities to recognize one another? What is the organization's energy level, and what raises or depresses it? How the organization manages these issues will in part determine its vitality and its ability to go on, particularly in hard times.

Openness

The organization has a lot of open channels to the external environment, exchanging with it in a lot of ways. People come and go, ideas are taken and given, information is read in and sent out. The organization forms partnerships and alliances, opposing and supporting others. The organization is nourished, thrives, changes, and grows through its interchanges with the outside.

Learning

Mohrman and her associates (1995) say it plainly: "The team-based organization is a learning organization. It is not enough to say that learning is necessary for teams to be effective in a team-based organization. Learning is the essence of the team-based organization." A central premise is that information, knowledge, skills, and authority are more dispersed than in traditional organizations. It is necessary for the organization, its teams, and team members to be constantly learning.

Offkeys

Apathy

Teams and individuals in the organizations feel little enthusiasm or excitement for what they're doing. They tend just to go through the motions. They may be compliant, but don't go out of their

way to make sure things are a success. There is little team spirit or organizational verve to inspire and carry people through tough times.

Defensiveness

The organization is defensive in its approach, and tends to build a protective wall around itself. It shields itself from outside influence, is wary of collaboration with others, and takes pride in its independence and self-sufficiency. Because it tends to be closed, the organization exerts little influence outside, and suffers from a lack of new blood and fresh ideas.

Complacency

Teams and employees see little reason to strive or change. They are satisfied with the way things have been and aren't inclined to take a second look at them. They may even be a bit arrogant and be seen as resting on their laurels. They take it for granted that they will always prosper well enough and have little incentive to push themselves to greater heights.

Implementing the Team-Based Organization Performance Model

Architecture of the Model

This model is not a developmental one showing stages through which organizations grow through the course of time. It is a model of performance pointing to the major issues that have to be constantly managed to reach and maintain high performance. The issues in all of the elements of the model are in play all the time. At some points, one or another comes into the foreground but they are all there all the time, and have to be managed.

The elements of the model are displayed in the sequence one might follow when starting an organization from scratch:

- Formation has to do with assembling the necessary pieces to create an organizational system.
- Dependability is about connecting the pieces and managing the space between them.
- Focus emphasizes that the connected pieces can't be a system without acting; they have to do something, and so they get themselves pointed in a certain direction with selected milestones along the way.
- Buy-in represents the decision of the parts to start moving, with determination to get where they are going and taking what they need to get there.

e is
pirend
It
of
its
it
the
aw

- Coordination describes the journey and building momentum, or breakdowns and detours, as the case may be.
- Impact occurs when the system comes upon its destination. Does it glance off, just keep cruising along, or make a breakthrough and leave a memorable impression?
- Vitality appears at the end because a part of it is about getting into position for the next destination. But it also has to do with what the organization does along the way to refuel, refresh, and recreate, so it doesn't run out of gas.

Notwithstanding this initial ordering of the elements and the apparent logic of it, the process of organizational performance is usually not a linear one with straightline progress through each of the elements in succession. Work on all of the elements evolves simultaneously, and the process turns back and recycles again and again, with the work in each element flowing around and influencing what is or can be done in the others.

Getting all the teams in an organization to a stage approaching single-mindedness is the first dilemma to be solved, and is the focus of the work of the elements on the left side of the model. As organizations approach buy-in, they are looking for their teams to have approximately the same intentions for the organization, to be supporting the same purposes, to be striving for the same goals. Given alignment among what all of the teams and individuals in the organization are aiming for, the work that remains, reflected in the right-hand side of the model, is to work as a single unit, to be smooth in its work, to be inventive as it goes and adjust but stay in synch, and to create and grow together.

The elements of the model are arranged in the form of an arc, the earlier ones descending and the later ones ascending. This arrangement corresponds to a general pattern described by cosmologist Arthur Young,⁸ who held that all process is a movement from freedom to constraint and back to freedom. The process of organizational life mirrors this pattern. At the outset, given only the intent to organize for a particular purpose, the possibilities are endless. The organization then works through a process of defining itself and its work until it reaches the most constrained point, the buy-in, where the money goes down and commitments are made. It is then free to act on its commitments and move back to a point where new possibilities open up again. And that is why the elements of the model are arranged in the shape of a V. The multidimensionality of the process, its emergence from the workings of the organization as a whole, and

its cyclical nature are represented in the image of the model by elements being set in perspective as if they were wrapped around a larger sphere of activity.

When and How to Use the Model

The team-based organization performance model begins not with the notion that organizations ought to consist of teams, but with the conviction that when an organization is team-based, certain fundamentals need to be attended to and mastered to work effectively. Others, including Mohrman and her colleagues, have set forth some of the conditions under which teams are more useful as a form of organization: When work processes cut across functional lines; when speed is important; when the organization mirrors a complex, differentiated, and rapidly changing market environment; when innovation and learning have priority; when the tasks that have to be done require online integration of highly interdependent performers.⁹ When an organization has moved to a team basis for these or other reasons—such as to reduce supervisory layers or to create more meaningful units of work—the team-based organization performance model comes into play as a tool to guide the organization's self-management.

The term team-based can mean a lot of things, from a few leadership teams to 100 percent project teams, covering all varieties of teams—permanent and temporary, dedicated or not, cross-functional or functional, highly interdependent or little so, organized around products or processes. Our working definition of a team-based organization is one that relies predominantly on teams as a basic unit of organization, including the whole gamut of kinds of teams and the full range of predominating of teams as the basic organizational unit. As an organization approaches full reliance on teams as its primary unit, has teams that need deep decision authority to function effectively, has work processes that cut across functional specializations, and relies on frequent communication between teams because of their interdependence around a task, the more salient the elements of the model will be and the more utility it will have.

We and the organizations that have adopted the model use it in several ways:

- As a map. The most immediate application of the model is as a conceptual map through the complexities of organizational life. As a mental model, it provides a set of lenses to focus attention on the landmarks of organizational success, the key routes for getting there, and the paths it needs to avoid.

or
js
>k
>e
or
h
of
1
2

- As a common language. The model serves as a conversation aid for managers and employees of team-based organizations. A common language facilitates discussion of organizational issues and provides a shared understanding of terms, reducing the noise that sometimes gets in the way of organizational progress.
- As a diagnostic tool. Making the rounds of its elements and listening for those which are on-key and which are off-key has allowed our client organizations to monitor organization performance systematically. They have done this in an informal way, as you keep track of your own physical health by paying attention and noting when something seems obviously out of sorts. We have also used the model in a more structured way, as the basis for formal organizational surveys. Keyed to the model, the TBOP Inventory¹⁰ elicits data about the essential aspects of organizational performance. This tool serves as the starting point for the organization to assess the need to make changes in the way it works.

Endnotes

¹ A methodical process for the formation of a team-based organization is presented in Mohrman S. A., with Cohen, S. G., & Mohrman, A. M. 1995. *Designing team-based organizations*. San Francisco: Jossey-Bass. Michael Campion and his colleagues identify composition as one of the five major themes in the literature on team effectiveness (Campion, M., with Papper, E. M., & Medsker, G. J. 1996. Relations between work team characteristics and effectiveness: Replication and extension. *Personnel Psychology*, 49: 429-452. See also Lawler, E. E. 1992. *The ultimate advantage*. San Francisco: Jossey-Bass; and Nadler, N. A., with Gerstein, M. S. & Shaw, R. B. 1992. *Organizational architecture*. San Francisco: Jossey-Bass. Both works emphasize the demands of fitting together all organizational structures. The array of systems needed to support team-based organizations is treated by Shonk, J. H. 1992. *Team-based organizations*. Homewood, IL: Business One Irwin; and by Galbraith, J. 1994. *Competing with flexible, lateral organizations*. Reading, MA: Addison-Wesley. Similar issues are dealt with in Banner, D. & Gagnle, T. E. 1995. *Designing effective organizations: traditional and transformational views*. Newbury Park, CA: Sage Publications.

² Some of the dimensions of dependability are explored in Kramer, R. M. & Tyler, T. R. 1996. *Trust in organizations: Frontiers of theory and research*. Thousand Oaks, CA: Sage Publications. The potential benefits of widespread information sharing are set forth by Case, J. 1995. *Open book management: The coming business revolution*. New York: Harper Business; and by McCoy, T. 1996. *Creating an open book organization*. New York: AMACOM. The importance of information sharing for responsible behavior in an organization is stressed by Anuso, D. 1994. Kodak employees bring a department into the black. *Personnel Journal*, 73-9:104-112; and by Randolph, W. A. 1995. Navigating the journey to empowerment. *Organizational Dynamics*, 23 (4): 19-32. Information sharing, as well as the requirement for consistent behavior and walking the talk are highlighted by Rogers, R. 1994. *The psychological contract of trust*. Pittsburgh:

Development Dimensions International. The paradoxes that individuals have to manage in groups are presented by Smith, K. K. & Berg, D. N. 1987. *Paradoxes of group life*. San Francisco: Jossey-Bass. Some of the tradeoffs that ensue from those paradoxes are presented by Hackman, J. R. (Ed.), 1990. *Groups that work (and those that don't): Creating conditions for effective teamwork*. San Francisco: Jossey-Bass.

³ The necessity of having a clear purpose well known to all who have to contribute to it is long established. (See Barnard, C. 1938. *The functions of the executive*. Boston: Harvard University Press.) Various researchers have established the organizational value of a shared understanding and direction, including Zenger, J., with Musselwhite, E., Hurson, K., & Perrin, C. 1995. *Leading teams*. New York: Irwin. Measurable goals are a focal point of team effectiveness in Ray, D. & Bronstein, H. 1995. *Teaming up*. New York: McGraw-Hill. A methodology for goal setting, measurement, and accountability is described in Kaplan, R. S. & Norton, D. P. 1996. *The balanced scorecard*. Boston: Harvard Business School Press. Christopher Meyer offers a worthwhile assessment device for team-based organizations in Meyer, C. 1994. How the right measures help teams excel. *Harvard Business Review*, 72:95-103.

⁴ A useful overview of power dynamics in organizations is provided by Pfeffer, J. 1981. *Power in organizations*. Cambridge, MA: Ballinger Publishing Company. The balance of power issue is labelled as focus versus circulation in Kanter, R. M. 1983. *The change masters*. New York: Simon and Schuster. Mastenbroek presents a pattern of choices defining a continuum from autonomy to interdependence among organizational units, and calls it a "framework for corporate vitality" in Mastenbroek, W. 1988. A dynamic concept of revitalization. *Organizational Dynamics*, 16 (4):52-61. A continuum of degrees of authority sharing is presented by Tannenbaum, R. and Schmidt, W. 1958. How to choose a pattern of leadership. *Harvard Business Review*, 36:95-101. The conditions under which a high-involvement decision style is effective are set forth by Lawler, E. E. 1992, op. cit. A foundation for values as a key feature of organizational life is established by Rokeach, W. 1968. *Beliefs, attitudes and values: a theory of organization and change*. San Francisco: Jossey-Bass. The same line of thought is extended in Kuczmariski, S. & Kuczmariski, T. 1995. *Values-based leadership*. Englewood Cliffs, NJ: Prentice Hall. The impact of alignment around a set of values has been noted by Tichy, N. & Charan, R. 1989. Speed, simplicity, self-confidence: An interview with Jack Welch. *Harvard Business Review*, 67 (5):112-120; and by Howard, R. 1990. Values make the company: An interview with Robert Haas. In R. Howard (Ed.), *The learning imperative*: 195-214. Boston: Harvard Business School Publishing.

⁵ An approach to managing the issues of this element is presented in Chisholm, D. 1989. *Coordination without hierarchy: Informal structures in multiorganizational systems*. Berkeley, CA: University of California Press. Mohrman and her colleagues, op. cit., elaborate on the need to specify integrating needs as part of the organizational design process, and also to develop integrating processes in the course of implementing a team-based organization. Jay Galbraith (op. cit., and also in Galbraith, J. 1973. *Designing complex organizations*. Reading, MA: Addison-Wesley) addresses the demands around planning and communications in differentiated organizations. Similar issues have recently been covered by Laufer, A. 1997. *Simultaneous management: Managing projects in a dynamic environment*. New York: AMACOM.

⁶ Peter Vaill's studies of high performing systems over several years consistently noted innovation as a key aspect. See Vaill, P. B. 1982. The purposing of high performance systems. *Organizational Dynamics*, 11 (2):23-39; and Vaill, P. B. 1978. To-

ward a behavioral description of high performing systems. In M. W. McCall & M. M. Lombardo (Eds.), *Leadership: Where else can we go?*: 103-225. Durham, NC: Duke University Press. Ralph Stacey approached the topic from a different perspective in Stacey, R. 1996. *Complexity and creativity in organizations*. San Francisco: Berrett-Koehler. The dimensions of the organizational environment that support creativity are studied by Gundry, L., with Prather, C. W. & Kickul, J. R. 1994. Building the creative organization. *Organizational Dynamics*, 22-4:22-37. The impact that organizing around teams can have on productivity is illustrated in Wellins, R., with Byham, W. C. & Dixon, G. R. 1994. *Inside teams*. San Francisco: Jossey-Bass.

⁷ The broad issue of sustaining spirit and enthusiasm in an organization is dealt with in Kilmann, R. H., Kilmann, I. & Associates. 1994. *Managing ego energy: The transformation of personal meaning into organizational success*. San Francisco: Jossey-Bass. Related issues are covered by Vroom, V. 1995. *Work and motivation*. San Francisco: Jossey-Bass. The impact of work and organizational design on motivation is specifically ad-

ressed in Hackman, R. & Oldham, G. 1980. *Work redesign*. Reading, MA: Addison-Wesley. Several aspects of organizational exchange with the environment expressing openness or closedness are presented in Leonard-Barton, D. 1995. *Well-springs of knowledge*. Boston: Harvard Business School Press. Mohrman and her colleagues, op. cit., emphasize the critical nature of learning in a team-based organization. A practical approach to building learning structures into an organization, with many examples, is provided by Wick, C. W. & Leon, L. S. 1993. *The learning edge*. New York: McGraw-Hill.

⁸ Young, A. 1976. *The reflexive universe*. New York: Delacorte Press.

⁹ Mohrman, et al., op. cit., describe when a team-based organization pays off and when it is of limited value. Shonk, op. cit., also offers a methodology for determining the fit of teams to an organization's work.

¹⁰ The TBOP Inventory is an 84-item survey using an agree-disagree format. It contains item scales for each of the seven elements of the model. Reports based on the survey are organized in terms of the model and address each of the key areas.



Russ Forrester, Ph.D., an organizational psychologist, is principal of Forrester & Associates, which provides consulting services related to personal, team, and organization development. He also teaches and writes. His work centers on teams; developing team-based and other non-traditional organizational patterns; the creation and use of organizational power; and the generation and distribution of leadership in organizations. Contact: russf@erols.com.



Allan Drexler, Ph.D. is president of Drexler & Associates, Inc., and has been consulting in organization development for over 20 years. He is also the author of numerous articles on organizational development and, most recently, team and team-based organizational issues. He consults on high team performance and team effectiveness at all levels in the organization. Contact: drexlerinc@rockbridge.net.