Morgan Alexander

What's humanly possible ^{SM}

Coaching
Top Teams

**Three Necessary Dimensions for
High Performance and How to Improve Them**

Chris Morgan

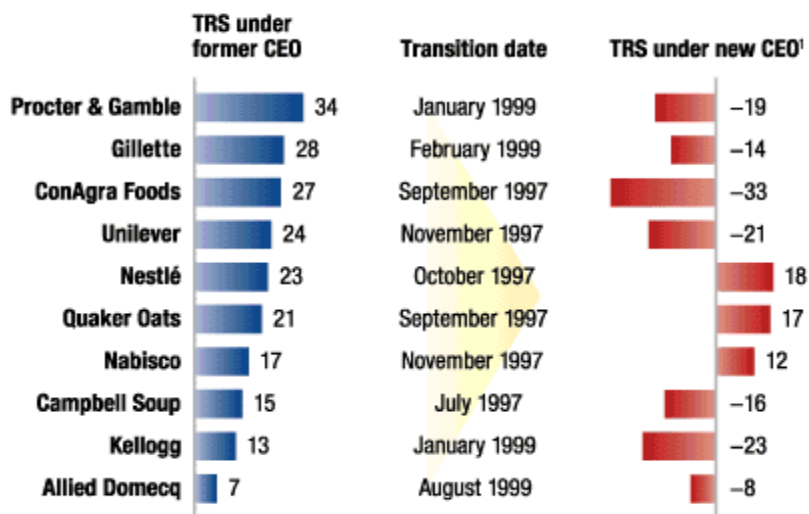## Leadership: flying solo or flying in formation?

Do we place too much attention and performance expectation on the leader? When evaluating top management's contribution to corporate success, do we tend to overemphasize the individual and neglect the fact that management is very much a team?

"Heroic leadership is not enough" proclaims a landmark McKinsey Quarterly article*. The article questions the benefits to shareholders when Boards replace CEO's, and presents the spotty effects on company performance from hiring new CEOs (as measured by Total Return To Shareholders).

EXHIBIT 1

Heroic Leadership is not enough

Effect of hiring new CEO on total returns to shareholders (TRS), percent

	TRS under former CEO	Transition date	TRS under new CEO[1]
Procter & Gamble	34	January 1999	−19
Gillette	28	February 1999	−14
ConAgra Foods	27	September 1997	−33
Unilever	24	November 1997	−21
Nestlé	23	October 1997	18
Quaker Oats	21	September 1997	17
Nabisco	17	November 1997	12
Campbell Soup	15	July 1997	−16
Kellogg	13	January 1999	−23
Allied Domecq	7	August 1999	−8

[1]As of August 2000.

Top teams have tremendous leverage on company success. A team unified by a compelling mission and effective at execution generates focus and an energetic response from employees and investors alike. Teams that work through directional and cross division or cross-function challenges also set an infectious precedent for collaboration and creative problem solving. Breaks and splits in the top ranks are just as visible. The costs of top team in-fighting are multiplicative; they translate into huge and costly inefficiencies throughout the organization.

What does it take for senior teams to come together to realize the full potential of their companies for stakeholders, employees, and themselves? How can they better understand where to focus their development efforts to gain the maximum performance improvement from their effort? Our experience of working with numerous senior teams over the last decade, and across most industries, has led to an appreciation of the multidimensional nature of the challenge, and to the evolution of a practical methodology for addressing it.

## Changing on three dimensions:

After thousands of interviews trying to assess how teams are performing - or not - a common underlying pattern emerges. Even in entirely unstructured interviews, comments cluster organically around three fundamental dimensions:

1. **Direction** - whether the team has a clear understanding of its aims and is aligned and committed to these ends.

2. **Organization** - the team's structure, management processes, and decision authority; and,

3. **People** - the team's skills, leadership styles and working relationships.

Deficiencies in any one of these dimensions brings its own particular malady – and it's rare that there is deficiency in only one of these dimensions because of the knock-on effects each can have on the others!

EXHIBIT 2

Three Dimensions
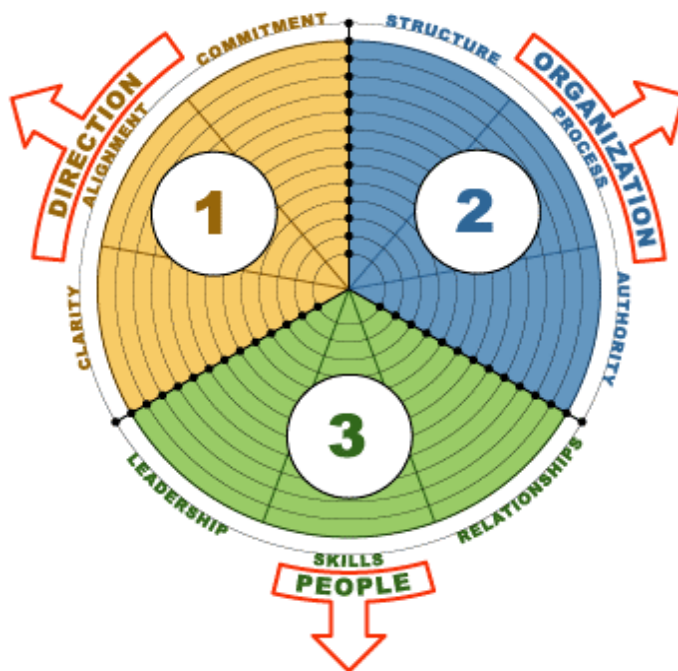
As the charts below demonstrate, choosing the most helpful development path for the team means not only taking stock of all three dimensions, but also taking actions that meet the particular development needs. For an entrepreneurial group (Exhibit 3) the **Directional** dimension (clarity, alignment, and commitment) may be as good as can be. The most helpful development path means focusing on the **People** dimension (bringing in the right talent), and the **Organizational** dimension while keeping the goal in mind. For a more mature company (Exhibit 4), the organizational structures and processes may be clear and refined, but the directional and human dimension may warrant challenge and reinvigoration.
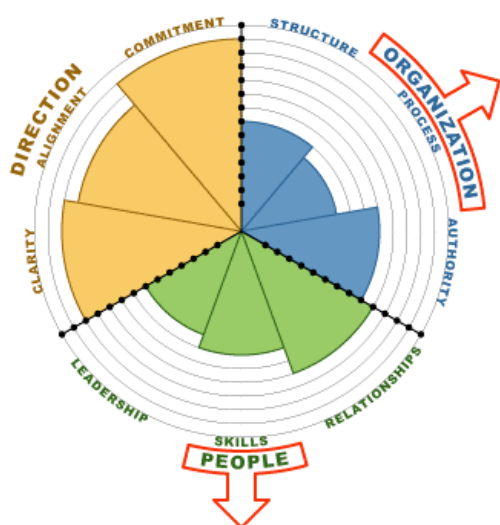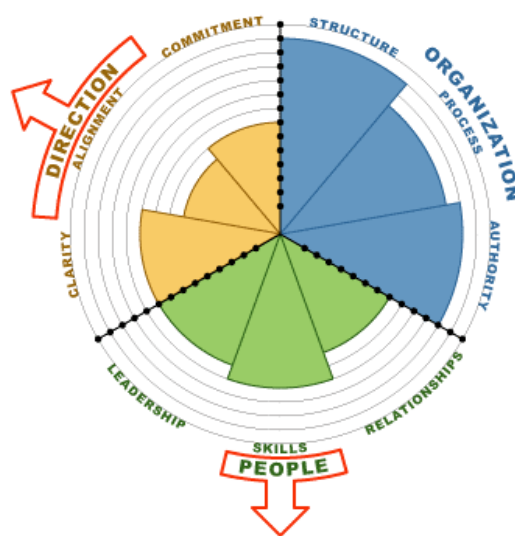
EXHIBIT 3

Development Path for Entrepreneurial Company

EXHIBIT 4

Development Path for Mature Company

To perform at anywhere near its potential, a team needs to assess where it currently stands in each of these three dimensions. The team must first identify and then drill down on the issues associated with each of the dimensions in order to arrive at specific, practical ideas for improvement. For example, to satisfy **Directional** deficiencies, senior teams need to discover whether there is clarity, alignment, and commitment about intents and goals. **Vision statements, strategic analysis and strategic plans are all helpful, but typically insufficient.** Nodding of approval among the executive team often coexists with a complete mismatch of behavior and priorities outside the room. Followers pay attention to what their leaders do as much, if not more, than what they say, and they are adept at catching every nuance of lack of sincerity in what is said. The desire of top teams to find common ground in broad statements of agreement is natural, but true clarity, full alignment and genuine commitment are required at the detail level as well.

Similarly the **Organization** dimension needs to be assessed, not just in terms of formal role and structure, but also as it is animated in the daily experience of process interactions and decision-making. Our experience shows that senior teams are often themselves confused about how significant decisions actually get made, and who really makes them. Even where there is an explicit set of "official rules of the game" – and this is not as common as one might think – there is often another unwritten and unspoken set of rules that determines what actually happens. Answers to questions like "Who really determines the agenda for the monthly executive meeting?" and "Who has the effective power to make the decisions on different types of agenda item - is it an individual, an elite, or a democratic vote?" are frequently mysterious before, and even after, the event. Some ambiguity is inevitable, perhaps even desirable, but the result of too much uncertainty is disaffection, cynicism and insecurity. The cost in terms of poor decisions and proliferating interpersonal and interdepartmental conflict can be very significant.

The **People** dimension includes questions of personal skills, ability to create and cultivate relationships, and leadership style. While these factors may seem mundane in the face of strategic and operational imperatives, without a candid assessment of where the senior team stacks up against these requirements it is hard to determine the smartest path to high performance. Leadership style, particularly **the style of the team leader, can be quite sensitive territory, and yet of all the levers over a team's behavior (indeed a company's behavior) this one packs the most punch.** For this reason providing the CEO or division head with a candid yet supportive perspective on their strengths and development needs is a critical step towards high performance for the team as a whole.

The idea of looking at a team on the basis of these three dimensions might sound intuitively obvious but all **too often team coaching engagements focus on only one area.** For example, many teams invest heavily in Vision Quests and Mission statement exercises, only to find that the initial benefit realized from this work is short-lived. Worse, a team's development plan can prove misguided because of a lack of multidimensionality in the underlying assessment. For example, we often find that a coach with a psychological background is brought in to help with poor working relationships: yet our experience is that poor working relationships often have little to do with clashing personality types, and everything to do with misaligned goals and unclear roles and decision authority. Many people who have a tough time working together can get along just fine over a glass of wine after work. The flaw is in the system, not in the persons. To quote the guru of process reengineering, Michael Hammer:

"If you take smart people and put them in a stupid process, then they become stupid, too. But first they become frustrated and cynical. You can't hire your way out of trouble; you've got to design your way out of trouble."

Michael Hammer

Stupid People or Stupid System? A Case Study

Take for example, the case of an apparently hopeless working relationship between the head of a physicians group and his counterpart on the hospital side at a world renowned healthcare organization. When we were introduced to this situation, each party's sincere evaluation of their counterpart was so damning as to be barely believable.

Joanne, who had successfully cut costs at the hospital over a number of years ensuring its survival, had written off Bill, the head of the Physician's group, believing him to be more interested in building his professional prestige than the ability of the hospital to continue and deliver care to patients. "He couldn't manage his way out of a paper bag and he is going out of his way to undermine my efforts, and interfering with my staff". Bill was equally critical, and with all the authority of a well-known doctor, he had come to the conclusion that Joanne was not only incapable of running an effective operation, but that she was also mentally unstable. "She has serious emotional problems: I honestly think she needs psychiatric help." While this may sound almost laughable and we are glad to report a happy ending, at the time it was anything but funny, and it took great courage for the CEO and those involved to address this relationship issue head on.

What became apparent during our engagement was that the source of the conflict was not an issue of bad interpersonal chemistry, or a lack of required management skills, but a result of flaws in the system. Directionally their goals were very much at odds. The hospital was under constant pressure to cut costs, while the physicians' group was motivated to invest in costly new technologies to keep at the leading edge of its profession, and to be publicly recognized for doing so. Organizationally, the groups they represented were completely stove-piped and separated in terms of communications and management processes. Nor was there any expectation or empowerment for these groups to work cross-functionally or to try and solve problems when and where they were occurring – while attending to patients' needs. The divide at the top was embodied throughout the organization and was alarmingly real where the customer, patients in this case, would interact with these inherently cross-functional teams of doctors, nurses and hospital administration staff. However, by the time these 'division heads' heard that something was awry – the message had become confused and distorted as though a children's game of "Telephone" had been played out.

Following a diagnostic set of interviews using the three dimensional methodology described above, we were able to get at the root causes of the interpersonal symptoms that presented themselves. The analysis indicated the best development plan should
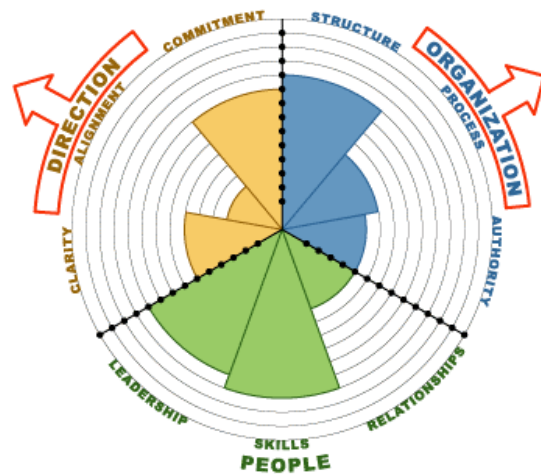
focus predominantly in the directional and organizational dimensions, while being very sensitive to the delicate nature of the working relationship

To address the directional conflict, we brought in the CEO to help instill a vision that incorporated both quality and cost. To address the organizational dimensions, we first worked with the 'division heads' to help them clarify their key responsibilities and then agree to the tasks over which each party needed to maintain control over decisions. This in itself was hugely beneficial as it alleviated the fear that poor decisions would be made by one party for which the other would be held accountable. (Remember our clients didn't have the most generous evaluation of each other's competence!) For the tasks where there was shared responsibility, we helped our clients consider and agree on how they would make decisions and communicate outcomes. We then took the message - of shared goals, revised communication channels and encouragement to solve problems at the patient interface – to all their cross-functioning teams in the hospital.

The benefits from this approach were not limited to a complete turnaround in the evaluations that both parties had of each other (in this case they actually became long standing good friends), but reached deep into the organization sponsoring improvements in patient satisfaction and cost effectiveness.

This idea that the organizational affects the interpersonal is one example of the general principle of **the interdependence of dimensions**. A team without a clear direction will not have the appropriate structures, processes and people to execute effectively. For example, some companies aim too broadly and forgo competitive excellence in any one area through a dilution of organizational resources. Others attempt to mature from a single product or geographic focus and attack new markets but fail because they do not sufficiently clarify the new direction even among the top team precisely because of the sensitivities associated with restructuring the top team – shifting resources and power from some members to others. Furthermore, teams without clear direction are likely to suffer from huge wastes of misguided energy and lackluster morale – with an impact that reaches beyond the team to infect the whole company and to disillusion Wall Street.

And while it is true that organizations should be designed to enable strategic direction and execution, it is equally true that organizations effect strategies. Consider an adolescent technology company with three distinct product divisions and a centralized Research & Development organization. Our experience tells us that creating more of a Business Unit organization structure, by shifting the locus of control over R&D to the business units, will inherently create a shift in strategy. As business unit presidents develop their own strategic plans and look to make their numbers, they are unlikely to fund pure or discovery research projects, behavior that is quite possibly at odds with a strategy that recognizes the need to nurture 'seed corn'. So, the directional, the organizational and the interpersonal are all intertwined.

Coaching the top team: getting practical

1. The first practical implication of the interdependence of dimensions is this: top teams need to consider and develop all three dimensions concurrently. The challenge is a bowl of Spaghetti! Pull on any strand and, because it is connected to all the other strands, you will affect the whole in a multidimensional way. The three dimension model can be used as a helpful mental check list for any senior executive wishing to get the best from the team, or as the basis for a thorough performance improvement program. Typically senior executives will have a particular strength in one of these dimensions, and equally likely a blind spot in another. There are the charismatic leaders, passionate on vision, charmingly persuasive with people…and irreverent with regard to structure and process. And there are brilliant operators, capable of running complex organizations with the discipline of the Prussian army…but perhaps a little short on connecting with people. What are your strengths and blind spots? How do you think your team stacks up against these three dimensions?

2. In order to understand the status quo, gather verbatim feedback on the team's performance against the 3 dimensions, and provide individuals with feedback on their strengths and development needs in terms of skills and leadership style. We emphasize verbatim feedback because quantitative multiple-choice output is too readily discounted and disowned. When it comes to motivating change in personal development, there is nothing like real, candid quotes from work colleagues. The title **"It Takes a Strong Stomach to Listen to How Other People See You",** a recent article on this subject in Fast Company, illustrates the point that this kind of feedback, while tough, can be quite an epiphany for some managers. In fact, one of the key benefits to initiating a team feedback exercise is that it provides an acceptable context for providing individuals candid development reflection on their development requirements without the prior suggestion that there may even have been a need!

Our experience shows that presenting the team and individual feedback can have a tremendous positive impact by itself. **It naturally creates an appetite for ongoing development.** When the team and its members review their feedback, they will not only be better informed, but also highly motivated to keep up with their strengths and work on their apparent weaknesses. The three-dimension analysis inherently points the group in the right direction.

3. Document development plans. While there is no doubt in our minds about the power of good feedback, or the sincerity of executive self improvement intentions, we cannot overestimate the value of documenting team and individual development plans. Executives and their teams create elaborate plans and lists for everything from acquiring new companies to dinner engagements and tee times, and yet when it comes to the topic of professional development this good habit is broken. Even for those who are adept at holding occasional performance reviews, and who take the trouble to provide a candid, well-informed and supportive perspective, chances are that there will be no documented personal development plan as an outcome. The following are high on the list of benefits of documenting a team development plan:

- It crystallizes thinking, turning highly interpretive assumptions into concrete expectations.

- It catalyzes the necessary journey towards commitment. The document constitutes a shared agreement and producing it helps travel through the stages of information, acknowledgement and choice…to change.
- It produces a clear focus for on-going coaching discussions, and provides measures for non-ambiguous progress review…hence the much quoted adage "You can't manage what you can't measure"

In spite of its many benefits, the development plan does not need to be elaborate. A table with headings and some bullet points works fine. Examples of good headings would be "areas for development", "current state of affairs", "desired future state" and "success measures".

4. Set the expectation for regular on-going coaching. To move from diagnosis to development, teams should adopt the well-established norm for coaching individual executives – i.e. set aside regular times to review the development agenda, acknowledge successes, discuss challenges and agree on next steps.

Teams and their coaches will further benefit from setting an overall timeframe for the on-going development activity – a beginning phase for fact gathering and development planning, a middle phase for addressing development topics, and a closing phase to review and measure progress, and to recalibrate for new challenges. While it is likely that there will be signs of early progress, and even the likelihood that the team will claim "problem solved – let's move on", the fact is that lasting change takes time. Set team development goals for six months and one year out.

5. Add team coaching to the agenda of regular executive meetings. Senior team members experience the interdependence of the three dimensions at every one of their regular executive meetings. There will be Directional topics (strategic imperatives, performance against operational goals), Organizational items (externally - organizational change in the company; internally - who is responsible for what and the decision process within the meeting itself) and People factors (how the team is interacting, how the leader is leading, how others not in the room are to brought in to do what is needed). Precisely because the regular executive meetings are so rich in this interplay, we believe they are the best forum for team development. We would encourage the team coach - whether this is the team leader, HR supremo, internal or external specialist - to bring the subject of team development into this forum. There are team development topics that don't fit neatly into the relatively short time allocated to these meetings, but there is no better setting to observe and guide the team than where the real work of the executive group as a team gets done – and the real challenges show themselves.

6. Use a facilitative coaching style. There are many kinds of coaches and there is a broad spectrum of coaching styles to choose from, ranging from the directive to the non-directive. A highly directive approach, characterized by the coach driving the process, telling people what to do and offering unsolicited advice, is likely to encourage deference and dependence where candor and creativity are needed, and to diminish the team's interest in its own development. Far more preferable is a facilitative style of coaching, that recognizes that the group needs to take ownership for its own development, and that the role of the coach is to elevate development subjects, encourage an environment that listens respectfully to different perspectives, then brokers the group's problem-

solving creativity and turns ideas into action. For the leader, acting as coach to the top team requires finding the balance of directing the team's attention to its own performance, and granting it the time and consideration that it deserves, while adopting a non-directive or facilitative style during the actual team development discussions.

As team coach, you will have to work hard to ensure that dialogue and discussion about these dimensions is open and candid. Too much vital information gets lost in politics. CEO's in particular are prone to only being given good news and need to encourage candor – ideally by modeling the behavior they want.

7. Consider bringing in outside help. Although the executive team contains the seeds of its own potential to bloom, there are a number of reasons to believe that all this will be more easily or more effectively accomplished using an external coach:

1. The top team's agenda both collectively and individually is already too busy. This is a role that requires focus and should not be underestimated.

2. An impartial outsider has the ability of seeing the team objectively, and making recommendations without any intra-team bias

3. An outsider ensures everyone will be a full participant in the development process.

4. The team will speak more candidly with an outsider than an internal staff specialist. Either way, an explicit code of confidentiality must be established.

5. An outsider is more likely to be an experienced specialist in this field

If you do decide to bring in help, finding the right person for this role is obviously critical. The standard rules of recruiting apply; find someone who has a proven track record, and whom the team likes, respects and trusts. The challenge in finding such a person is that the market for external coaches is extremely fragmented (for example, estimates of 14,000 individual practitioners in Northern California alone, and no firm with double digit market share). Luckily, most executives and almost certainly Heads of HR will have had experience with a coach. As a result, while recruiting someone with the right experience is critical, **it is not as important as ensuring the team is genuinely committed to investing in its own development.** When a coach is not a good "fit", it frequently reflects less on the coach than a diminished commitment of the team to the process, even as it gets into critical but sensitive topics.

Finally, here is a step by step view of the team coaching approach we are recommending in this article:

- Select your coach. Decide whether the CEO/Division president, head of HR, an internal specialist or an outsider best suits your team's particular needs.
- Develop an interview based survey instrument covering the three dimensions, and gather qualitative feedback
- Conduct interviews with all relevant parties:
  - Each team member
  - Team member's direct reports
  - Key clients or customers
  - Bosses or board members
- Assimilate, analyze and prepare feedback reports for the team and each individual member
- Set aside an initial ½ day to review the team data and deepen the top team's understanding of where they may need to focus corrective action. Deliver verbatim feedback to individuals on a one on one basis.
- Document the team and individual development plans, including objective success measures
- Build regular reviews of all three dimensions into the top team's normal management process. Schedule off-site events for extraordinary topics as necessary
- Provide on-going individual coaching as needed
- Conduct structured team and individual progress reviews after six months and one year.

Success depends not on just one person, but on the entire leadership team. This article presents a practical methodology for conducting the important task of coaching top teams to realize their full potential. Ideally senior teams will make the commitment to on-going development and reap the rewards accordingly – superior company results and a more enjoyable work experience for the team and the people they lead.

Chris Morgan is President of Morgan Alexander; a San Francisco based consulting firm specializing in senior management performance. Tel: (415) 721-0100
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