# Team Management: The Core Practice of A High Performance Organization

By Lawrence M. Miller

The seamless organization, the learning organization, the reengineered, world-class, virtual, total quality organization: We are bombarded by terms that attempt to define the organization of the future. We know the goal. We want an organization that delights our customers, causes continuous improvement in products and services, minimizes cycle time, lowers costs and improves creativity and productivity. But what is the core practice, daily life, in such an organization? How does it affect the individual and cause the manager and employee to behave in a different way? How does the individual have to change? What are the principles and skills that guide individual behavior?

James P. Womack and his associates at MIT spent five years and five million dollars studying the differences between auto assembly plants in the U.S., Japan, and Europe to identify the key differences in the systems that were the cause of different levels of quality and productivity. "What are the truly important organizational features of a lean plant - the specific aspects of plant operations that account for up to half of the overall performance differences among plants across the world? The truly lean plant has two key organizational features: It transfers the maximum number of tasks and responsibilities to those workers actually adding value to the car on the line, and it has in place a system for detecting defects that quickly traces every problem, once discovered, to its ultimate cause….So in the end, it is the dynamic work team that emerges as the heart of the lean factory." This is the core, the central element, of the high performance work place.

There are a few key characteristics of high performance organizations today. They can be summarized as follows:

- High acceptance of responsibility for business performance at every level.
- High information access and sharing.
- Regular and rigorous process measurement and analysis.
- High contact with customers and focus on their requirements.
- Flexibility and adaptability to changing markets and technology.
- High teamwork at every level of the organization.

Team management is a disciplined methodology, involving all employees in an organization, to create a high performance culture with each of these characteristics. Team management is, first and foremost, a system of managing performance through the total involvement of every employee working toward aligned, measurable, performance goals.

Team management is the practice of daily life in a high performance organization. Team management is a description of the new relationships between employees, their manager and their organization. Team management is the vehicle for every employee to become a true business manager with his or her personal goals aligned with the business goals of the organization.

We have been involved in the implementation of team practices for twenty years. In the early days this was as simple as the first line supervisor in a manufacturing plant getting his employees together once a week to review their performance and to "catch someone doing something good." This simple process of each supervisor placing charts and graphs of performance visibly on the wall, having weekly team discussions and recognition, produced significant and consistent improvements in productivity and quality. However, we soon realized it was difficult, if not impossible to keep this practice going at the first line if the supervisor was treated in a contrary way by his department manager. The department manager had to become a team leader. So to the plant manager with his department manager. The entire plant, division, and in many cases the entire company became a total team system with every employee participating in reviewing measurable business performance, setting goals, and experiencing the satisfaction of participating in improvement.

Eastman Chemicals, Delmarva Power and Light, Preston Trucking and others have maintained this team management practice for more than ten years and have experienced sustained high levels of quality and business performance. The natural work team structure is the core work practice at Honda, Toyota, Saturn and other world class companies.

As we have recognized the need for dramatic changes in organizational structure and systems we have been frequently reminded of the necessity to develop new skills and style, those of an effective team based organization, if the new architecture is to succeed.

While we began the team process twenty years ago at the first level of the organization, today we are finding that some of the most significant improvements derive from enhancing teamwork at the senior management levels. Unfortunately, the ability to function well as a team and to problem solve and reach unity on decisions is lacking among most senior management groups. The impact of unclear decisions, poorly developed and executed action plans, and disunity on decisions is felt throughout the organization. It is our view that the senior management team bears the burden of modeling that behavior, that culture, they wish to develop throughout their organization. If they wish to develop an organization that is able to make clear and effective decisions with rapid execution, they must develop their own team skills. If they wish the employees to be focused on performance and customers, they too must develop their own balanced scorecard with clear measures of business/financial performance as well as quality/process performance.

Structuring an organization into teams should be seen as a strategic initiative to achieve operational effectiveness. Strategic positioning is essential to long term performance. However, strategic position and focus, absent and effective organization will not lead to successful sustained performance. It is designed to improve the bottom line of

## What is a "*high performance* team?"

1. **A team with clear responsibility for business performance.**

2. **A team that knows its customers, suppliers and has a documented process known to all members.**

3. **A team with a balanced scorecard linked to organization performance.**

4. **A team with built in flexibility and adaptability through multi-skilled members who share functions.**

5. **A team that has demonstrated competence at problem solving by improving their work processes.**

the organization's performance. Teams are not an end in themselves but a means to involve people in managing their piece of the business more effectively.

Participating in a team is not voluntary any more than other management practices such as budgeting, appraising performance and tracking quality and productivity should be a choice. Working together on teams was voluntary when the teams were a form of quality circle that worked on a "problem," a very different process than the ongoing management of performance. Team management is not merely involvement, it is empowerment. Teams are assigned authority and responsibility for a specific process and for specific performance.

Teams should be empowered to make decisions concerning their portion of the business rather than merely making recommendations to higher levels of authority. While team structures may change and people will serve on several teams, teams should be seen as a permanent fixture in the organization, not a temporary answer to a business crisis or quality problem. It is worth considering that for most of humankind's life on this planet the natural work structure was the small group - the family farm or craft shop. Large buildings and specialized, narrow, responsibilities with individuals working alone, is a recent phenomena of the mass production organization. Much of the disfunctions of the mass production organization are due to individual isolation and the absence of the "family" structure in the workplace. The team process renews what was natural for a million years - small groups of people sharing responsibility for shared work.
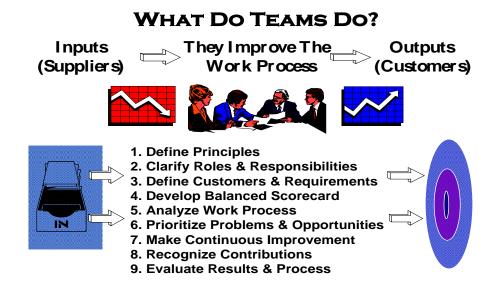
## Understanding the Process

There are some basic steps in the team management process. While each team will respond to their own work process and priorities, at some point in the process each team should do the following:

**1. Define Team Principles:** All groups, whether families, athletic teams or work teams function well when they have common understanding priorities and principles. Define your team's principles around your organization's vision and how you want to work as a team. Principles may include things such as the agreement to conduct discussions with absolute frankness and honesty; to agree to adhere to decision in unity as if they were your own; to listen to all input with respect; and to maintain a constant focus on the requirements of customers.

**2. Clarify Roles and Responsibilities:** One of the most common misunderstandings of team management is that teams reduce responsibility and result in the chaos unclear roles. If one had never seen a basketball game and walked into the arena it might appear to be chaos with players running every which way in apparent disorder. However, the more one understands the sport, the more one understands that there are very clear roles and responsibilities, designed plays and discipline. The same is true with management and work teams. Roles may include facilitation, data collection and presentation, customer and supplier communication, training, and responsibility for specific process steps.

**3. Define Key Customers and Requirements:** Reports that "quality is dead" are premature. Without a doubt one of the most useful concepts to come out of the quality movement is the focus on customers and their requirements. The team management process institutionalizes this focus as a routine responsibility of every employee on every team. Each team will decide how best to define their customers and how to gather data on requirements. They may interview their customers, gather survey or telephone information, and will seek to

develop ongoing customer feedback on their performance. They will also define their suppliers and share their requirements with their suppliers.

**4. Develop a Balanced Scorecard:** The purpose of the team management process is to improve business performance. Each and every team should know their data. They should define measures that reflect the output of their work process as well as measures of customer satisfaction. Measures typically include productivity, quality, costs and cycle time. It is generally the practice to develop a visual scoreboard so that every team member can see the graphs moving toward their goal and experience the emotional impact of improved (or the reverse!) performance. Scorecards are generally reviewed at each team meeting and form the basis for ongoing problem solving and performance improvement efforts.

**5. Analyze the Work Processes:** Teams are formed around responsibility for specific work processes. The processes may be assembling a certain product in a manufacturing environment, servicing a group of customers, selling to a defined market group, or for a senior management team, developing business strategy. Each team should be expert in those processes for which it is responsible. To be expert in a work process that process must be defined, its course mapped, its cycle time measured and alternatives considered. A requirement of ISO 9000 is that definition and management of processes. This is also a requirement of the team process. It is from this analysis and knowledge that is formed the basis for continuous improvement.

## WHAT DO TEAMS DO?

**Inputs (Suppliers)** → **They Improve The Work Process** → **Outputs (Customers)**

1. Define Principles
2. Clarify Roles & Responsibilities
3. Define Customers & Requirements
4. Develop Balanced Scorecard
5. Analyze Work Process
6. Prioritize Problems & Opportunities
7. Make Continuous Improvement
8. Recognize Contributions
9. Evaluate Results & Process

**6. Prioritize Problems:** Problems are a normal part of all work environments. It is the purpose of teams to assume ownership of all problems related to their work process and to solve those problems in the most effective and rapid manner. Teams are trained in data analysis and problem solving techniques.

**7. Recognize Contributions:** In past years managers were encouraged to "catch-someone-doing-something-good-today" on the assumption that it was they who were responsible for the performance of their people. While that is still true, it is also true in a high performing organization that all employees share in the responsibility to celebrate success, to

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recognize the accomplishments of their peers and teams. Many teams include recognition as a regular item on their meeting agendas. One results of the team process is to make the work place a more satisfying place of employment.

**8. Evaluate**: Evaluation of the entire process, from customer requirements, to work process, to results, to the functioning of the group as a team is an ongoing responsibility of the team. By periodic evaluation the team develops the sensitivity and flexibility to make adjustments as they develop greater skill and as circumstances change.

## Leadership's Role

In creating a team-based organization, there are some critical change agents. These change agents all have a role in the success of the process. They are the leadership team who steer the process; the team consultants or coaches who assist the teams in their assimilation of the new skills; and the customers and suppliers to the organization and to the teams.

The leadership team has the following role:

**1. Define the mission, vision, and values**: What is our purpose as an organization? Who do we want to become in relation to our market place? The vision includes the questions, "What it will be like to work here?" and, "What performance results do we expect to be achieving?" These outcomes should be the focus of the change effort. Every decision they then make should be evaluated under the lens of this future vision. The core values will guide conduct of the teams and individuals. The team process can be the vehicle to make these active through the organization.

**2. Plan the change process**. The senior team should be heavily involved in planning the improvement effort with their change agents. If the senior team does not understand all the implications of the change effort, it often leaves the consultants or coaches without the credibility to move the process forward.

**3. Learn and practice**. The senior team should undergo all the same training and implementation steps expected of the rest of the organization. It is our experience that teamwork at the top is often no better than below and more critical in arriving at effective and unifying decisions. This enables them both to practice their skills within their own team as well as to "testify" to the impact it has had on them personally.

**4. Model the desired behavior.** One of the keys to effective leadership is to become the model of the desired behavior. Every individual in the organization will be watching the senior team to see if their behavior changes during the implementation process. Questions will always surface such as, "Do they make team decisions? What does their scorecard look like?"

**5. Reinforce improvement.** The only way organizations survive the agonies of rearranging themselves is through experiencing success along the way. The senior team needs to play an active role in giving recognition to those who are even attempting to change. It's a mistake to wait for the "big hits."

**6. Evaluate results**. Just as in the Shewhart cycle of Plan-Do-Check-Act, the senior team needs to constantly evaluate the results of their efforts to plan the next move. This cycle is the spirit of continuous improvement. Don't look for a "finish line"; think of this cycle as a life-style change to make the organization continuously healthier and more competitive.

## Change Agent's Role

The development of new skills requires more than knowledge. It requires training, practice and immediate feedback. This is the role of the coaches or consultants. They will also help with practical problem solving and application. They need to be well respected by the organization, effective communicators, passionate about the change effort, and competent in the techniques of team decision making. They can make the following contributions to the process.

**1. Advise** on the development of a project plan.

**2. Train and provide feedback** to their team leaders and members.

**3. "Contract"** with each team leader and team regarding the steps in the development of the team and steps toward performance improvement.

**4. Diagnose** their process and helping teams solve particular implementation problems. The change agents often help facilitate solutions between teams or with systemic problems within the organization.

**5. Reinforce** positive behavior change. Until managers develop the habit of reinforcing their subordinates for their successful practices, this is an important role for change agents.

**6. Evaluation** is a constant process to determine appropriate next steps towards continuous improvement.

## Customers and Suppliers

Customers and suppliers affect all the inputs and outputs of the team. They either control what comes into the team (suppliers) or accept or reject what the team produces (customers). Obviously a close relationship with both stakeholders is critical to the team's success. This is just as true whether the team is on the factory floor, in the public relations, engineering or human resource department. Customers and suppliers make the following contributions to the team management process.

1. Have a clearly defined relationship with the team. Some even choose to participate in the team's meetings on a regular basis.

2. Clearly define the customer requirements of the team's output.

3. Provide input to the team's work process.

4. Provide feedback to the team.

5. Participate in evaluating the results of the team's improvement efforts.

## Team Management Results

Team management is a system of management. It is not a program. It is an investment in the performance of the organization. It must produce results or it is a bad investment. The team management process has consistently demonstrated business results and, therefore, has become a lasting practice in our client organizations. The following are a few examples:

1. The two most admired oil companies, according to *Fortune Magazine*, are Shell and Amoco. We helped both implement the team process extensively and it has become the

ongoing management process from top to bottom in their domestic exploration/production organizations. They have reported financial results in the hundreds of millions of dollars.

2. Delmarva Power and Light, beginning twelve years ago, began implementing the team process beginning with the Chairman's own team. That process led to Delmarva becoming the power company with the highest customer satisfaction ratings and the best quality performance in the industry. They never pursued the recognition of quality prizes, just of their customers.

3. Tennesse Eastman, now Eastman Chemicals, began implementing the team process with our help ten years ago. This process has been maintained and became the foundation for many other practices which led their winning the Malcom Baldrige Award.

4. The McDonald's Corporation, in somewhat of a controlled experiment, implemented our team process in specific areas of the country. These areas have experienced significantly higher rates of performance improvement than other areas. The practice is now being expanded.

These are a few specific cases that we have assisted. In general, you can expect the following results from the team management process.

### Motivation and a Sense of Belonging

Why do we enjoy playing on teams? Teams celebrate success together, suffer their losses together, and form bonds of friendship around the activity of the team. Teams have fun because they have common goals, keep score, and gain the satisfaction of succeeding together. It is natural for teams to try to perform to the best of their ability. Teams also become important social groups that provide a sense of belonging and recognition of individual contributions which enhance self-esteem.

### Improved Communication

The team process involves everyone in the organization. Both employees and managers serve on teams. Teams are forums for communication. Communication is more efficient because the group discusses, asks questions, and clarifies decisions together. A question that is on the minds of many is often asked by one person. Efficiency and morale are improved when members of a team have the same information and feel that information is being shared freely.

### Lasting Behavior Change

Many training programs produce a temporary boost in performance. People get excited and behave differently for a short while; then things often return to the old, routine way. This happens because a new, better system of management that involves everyone has not been created. Team management creates systems that lead to permanent changes. .

### Shared Learning From a Diverse Workforce

Teams provide the employee with an opportunity to contribute particular strengths to the larger group and to learn from the strengths of others. Each of us is "wired" differently. We think differently, analyze the world differently, and present our thoughts and ideas in various ways. Teams are a vehicle for capturing the richness afforded us through our diversity. Individuals also learn to value the different competencies and ideas of others within the team.

**Performance Results**

In the team management process, every employee becomes a business manager. One of the most powerful components of the team process is the development of a balanced score-card by every team. This scorecard includes business and customer satisfaction measures; or financial and process measures. This scorecard is generally posted and visible to each team member each day. It is the focus of discussion and action planning. It is normal for teams to demonstrate improvements in costs, quality, productivity, and cycle time.

When we began the development of the team process nearly twenty years ago in small textile mills in the Carolinas we had no idea that similar processes would be proven to be the core of the Toyota Production System and be adopted as increasingly common practice among the world's most admired companies. The development of high performance teams and team-based organizations is here to stay. The only issue now is how best to structure the process and manage the change. This is the focus of our efforts.