15.660
Strategic Human Resource Management

MIT Sloan School of Management
Eliciting Effort

- Pay
- Benefits
- Promotion
- Monitoring
  - By Peers
  - By Management
- Culture
Mini-Lecture

Teams
Effective Use of Team-Based Systems

- What is a team-based system?
- Costs and benefits of using teams?
- What is the leader’s role in a team-based organization?
- What skills are needed for teams to function effectively?
- How can you introduce a team-based system?
- Overall lessons learned?
What is a Team?

A team is a small number of people with complementary skills who are committed to a common purpose, performance goals, and approach for which they hold themselves mutually accountable.

John Katzenbach and Douglas Smith, McKinsey & Company
The Wisdom of Teams
Harvard Business School Press, 1993
Working Groups Versus Teams

WORKING GROUP
- Strong, clearly-focused leader
- Individual accountability
- Group’s purpose is same as the organization’s
- Individual work products
- Runs efficient meetings
- Measures performance in terms of larger firm
- Discusses, decides, and delegates

TEAM
- Shared leadership roles
- Individual and mutual accountability
- Specific purpose for which the team is responsible
- Collective work products
- Open-ended meetings for problem-solving
- Performance measured on team products
- Discuss, decide, and work together
Common Team Responsibilities

- Quality improvement 100%
- Cross-training 85%
- Scheduling (Production) 80%
- Safety 70%
- Process improvement 70%
- Measurement/goal-setting 75%
- Budget/expense control 50%
- Selection 55%
- Coordination with others 50%
- Customers and suppliers 60%
- Performance appraisal 50%

Manz and Sims (1993)
## Costs/Benefits of Using Teams

<table>
<thead>
<tr>
<th>Benefits</th>
<th>Costs</th>
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<tbody>
<tr>
<td>✤ Bring together complementary skills and experiences</td>
<td>✤ Coordination costs</td>
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<tr>
<td>✤ Provides for flexibility</td>
<td>✤ Personal discomfort and conflict</td>
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<tr>
<td>✤ Social benefits: fun, commitment</td>
<td>✤ Diffusion of responsibility (free-riders and social loafing)</td>
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<tr>
<td>✤ Less resistant to change</td>
<td>✤ Risk seeking</td>
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What is the role of the leader in a team-based system?

• Ask questions
• Get the group to solve problems
• Promote real participation
• Help resolve conflict
• Train others
• Positive reinforcement
• Encourage high performance goals
• Encourage self-evaluation
• Tell the truth, even when it’s disagreeable
• Liaison with higher management
What Effective Team Leaders Do

- Keep purpose, goals, and approach relevant and meaningful
- Build commitment and confidence
- Manage the level and mix of skills
- Manage relationships with outsiders
- Create opportunities for others
- Do real work
Team Development

S = Supervisor

Start-up

Transitional

Experienced

Mature

C. Manz & H. Sims
Business Without Bosses
John Wiley, 1993
What types of skills and training are required for a team-based system?
Training for Team Effectiveness

- Meeting skills, time management
- Conflict management
- Problem-solving, TQM
- Group dynamics, team building
- Change management
- Coaching and feedback
- Business knowledge (e.g., customer service)
- Technical skills
Evidence on Team Effectiveness

- Cost savings (labor, materials)
- Productivity
- Quality
- Customer service
- Speed and cycle time
- Innovation
- Safety
- Decreased absenteeism and turnover
- Decreased worker’s compensation claims
Pros and Cons of a Team-Based Approach?

Pros

Cons
Lessons Learned: Implementing Team-based Systems

Impact

Team Performance

- Working Group
- Psuedo-Team
- Potential Team
- Real Team
- High Performance Team
Some Lessons Learned the Hard Way

- Organizations often expect too much, too soon.
- Things often get worse before they get better.
- Managers and supervisors are threatened.
- A new perspective on leadership is required.
- Need to begin with a clear philosophy and purpose.
- Technical people often see themselves as losers.
- Implementation needs careful planning.
- Employees need technical and behavioral skills.
- Greenfield sites are easier than retrofits.
- Continuous training is essential.
- Stability is crucial; turnover is deadly.
- May need new systems - especially MIS.
- Facilitation can help at the beginning.
Takeaways

- Teams need to be driven by a clear vision and purpose—why are we using them?
- Training and group process skills are important for groups to succeed.
- Team-based organizations need team-based systems, culture, and leadership—not just structure.
Conclusion

Next Class:
- Eastern Airlines