Developing High Performance Leadership Teams

5 Major Questions a Team Needs to Answer to Become High Performing

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DEVELOPING HIGH PERFORMING LEADERSHIP TEAMS

5 Major Questions a team needs to answer to become high performing

Up to 50% of the variance in organisational performance can be attributed to the top team (Peterson, 2003 and Thomas, 1998). This is quite extraordinary – that one group of individuals can have such enormous impact on the organisation. What this clearly demonstrates is that the organisation’s top team casts a very long shadow.

As a result of some years of interviewing leadership teams to identify and understand the barriers to their collective success, the common themes include:

- We have great people but we are not harnessing their energy and effort to get the best results
- We are short on resources
- We are running so fast we cannot see what we are achieving
- We ambush each other
- My function is pulling its weight but others are not
- We have an unclear strategy
- We are operating in a tough environment
- We trip over each other
- We compete with each other rather than with the external competitor
- Short term always dominates our thinking

And the list goes on...

There is a very clear tension between ‘fighting fires’, dealing with the loud, immediate short term issues that are demanding of resources and attention versus investing in the achievement of the longer term goal that will enable strategic success.

Our experience over the last ten years of working with leadership teams shows that the successful teams are those who develop the capability to manage with the ‘dual horizon’. The dual horizon being the ability to see and contain the immediate issues whilst working in alignment within the context of the broader organisational system and the more strategic issues.

They achieve this by gaining shared clarity on the answers to 5 key questions.

We call these the 5Q’s.

Each question appears simple as the best questions often are, but all require work to fully answer.
Developing High Performance Leadership Teams

Q1. ARE WE A TEAM?
Do we need to be a team or a working group?

Do you actually need to be a team? It seems obvious but of course it is not! Many leadership teams strive to be a team, talk as if they are a team but in fact have so little in common, being a team becomes a hindrance. Quite often choosing not to be a team is a wise move.

Katzenbach & Smith’s work suggests that most teams are in fact working groups. There are a range of ‘types’ of working groups including informational, decision making, project led, coordinating and consulting. All are task orientated with specific outputs.

Some leaders prefer not to have a team. IBM’s Asia Pacific Regional Head decided he did not require a team. That leader felt he was leading a sort of “divisional holding company” so a single leadership team was not the answer. He led a collection of working groups that managed each division but did not come together as a traditional executive team would. Similarly, many pharmaceutical regional level leaders realise the country markets they lead have so little in common as market places that the reasons and time spent in coming together as leaders, rarely provides value.

A typical working group is a leadership team that works in a shared service environment in financial services such as an insurance company. Each leader on the team might be responsible for a diverse range of functionalities such as buildings, security and external communications. They all happen to report to one person such as a COO but have little interdependence or requirement to deliver together. Striving to be a team is often a waste of time for those people. They are better off focusing on how to work efficiently together and leaving the teaming to their functions.

However, a leadership team is different to a working group. It has five main characteristics that make it unique:

1. A clear mandate from stakeholders to deliver an output that can only be delivered by them working together.
2. Clear boundaries i.e. it is clear who is on the team and who is not.
3. Interdependencies between the members as they work toward a collective purpose and strategy.
4. Stability, as they work together long enough to facilitate shared decision making.
5. Collaboration and collective outputs.
All teams need a clear purpose to guide direction, decisions and activities. Richard Hackmann, co-author of “Senior Leadership Teams” suggests that a team purpose needs to be consequential, challenging and clear to have any traction. His research suggests that the highest performing teams spend most time on gaining as much clarity as possible.

This allows them to focus on:

- Clear execution
- When to say NO
- What to work on together
- What to work on that only they can accomplish
- Remaining focused on the end goals

Dysfunctionality in leadership teams often stems from a lack of understanding of the reason the team is coming together in the first place. Reporting on monthly activities is the lowest level of value a leadership team can add to the organisation yet that is what most teams actually focus on. When there is no clear reason or purpose to be a leadership team, challenging each other as team members becomes difficult and ends up in either passivity (being nice to each other) or in aggression as some of the more dominant members fight for their own agendas in the absence of a team agenda.

**THE WORK REQUIRED from Q1:**

Have a clear discussion and decide whether a working group or a team is best suited for your needs.

Don’t refer to it as a team or expect it to work as one if in fact what you really want is a working group. However if you are a team, then put in the development time that is needed.

Once the decision is made to be a team, spend time clarifying what exactly is the team going to focus on and what can it do for the organisation that no other group can do. Create a charter or purpose around that.

Set up a strategic 3–5 year plan for the organisation with distinct projects for the leadership team members work on together. Broad topic areas for the leadership team to work on together include the organisation culture, new innovation activities and pipeline, external market collaborations, talent mapping and new go to market strategies.
Q2. ARE WE OPTIMALLY STRUCTURED?
Are the right people in the right roles doing the right jobs, the right way?

Jim Collins made a very clear point about getting the “right people on the bus” and we believe he is still accurate. However, it is not just the team members who have bought into the vision. A high performing team needs every member to embrace the vision and strategy. This enhances alignment and subsequently enhances the opportunity to maximise execution of that strategy.

If people on the team are not aligned it is important to take action quickly to ensure their alignment or facilitate their exit from the team. Many leaders inherit a team, or part of a team, and often do not consider until it is too late, as to whether or not the existing team members are those which will enable the achievement of the desired outcomes.

Team based research suggests that the quality of team structure (size and norms) is the dominating factor that engenders success. Structure includes the overall size of the team, the types of tasks focused on (‘meaningful or menial’) and the accepted norms of conduct.

Studies vary on the optimal team size. For example, informational working groups / teams usually have smaller sizes than an alignment team. Team based research usually quotes 8 -10 members to be the ideal size.

For a senior team, members need to be able to ‘think globally, not locally’ i.e. beyond their own function. The idea of being part of a ‘first team’ is an essential concept in terms of its leadership capability. Members need to buy into the idea that the leadership team is their first team rather than their functional team. The natural level of thinking for a leader is to think of the team they lead as their first team. Many leaders on Executive teams think that their team is the function they ‘lead’ as opposed to the one they sit on. This can lead to internal competition and lack of alignment.

In fact if a leader is part of an organisational leadership team, leading a functional team such as marketing or finance is the role they play on behalf of their team, i.e. the job they do for the leadership team.

“Senior leaders need to make sure they know which team is their first team and which team is their functional team. They are different teams.”
One of the frustrations that many leadership team members experience is sometimes caused by a lack of clarity on the interdependencies between functions i.e. how does the sales function impact manufacturing demand schedules or supply chain procurement plans? **Mapping out workflows can be useful to understand these impacts.**

One client organisation in the advertising industry asked for help in resolving conflict at a personal level between members of the leadership team. What they actually needed was help in mapping workflows. There was a distinct lack of clarity and understanding in how work got done between the members of the leadership team. Therefore turf wars emerged for no apparent reason, which led to the belief there was large conflict between the members. Our suggestion to them was once clarity could be restored regarding work rules and responsibilities the conflict would diminish. Through a workshop setting called “**Mapping the Territories**”, we assisted them in charting out workflows, decisions, and blockage points into a graphical representation of the leadership in action. Insights into where decisions were not being made emerged and resolutions on how to fix this became obvious. Not surprisingly, once this was clear, the conflict disappeared!

**Setting an operating rhythm for the leadership team** allows efficiency of meetings and of how work gets done. Many leadership teams fall into the habit of setting up a bi-weekly or monthly meeting where they review the month gone by. As the business complexity expands this meeting increases in hours to become a full day or two day meeting. Observations of the energy levels in the room suggest the second half of these meetings are less than optimal. Worse still we have seen teams add an agenda item of Innovation or Blue Sky Thinking at the end of these meetings when everyone’s brains are already fried! Teams get frustrated at their own lack of creative output. Instead, leadership teams need to create an overarching rhythm of different types of meetings that require a range of inputs. **See the sidebar for more information.**

Finally, one simple but often overlooked area of discussion is the notion of “**decision rights**” in a leadership team. This area of work covers the simple and complex areas of what decisions are made by whom and in what manner. Asking a team to make a decision is very interesting to observe. Most teams rush into the process of deciding. The best teams start with the question, “**how are we going to decide?**” i.e. “**what process or methodology**”? Despite the initial time spent on an activity that is not the actual decision itself, the mere act of thinking about the overall process accelerates the overall speed of decision and in most cases, the quality of decisions.

Contrary to this, what usually happens is the leader will decide and no one else will add opinion, diversity or challenge to the thought process. From speaking to CEOs or other senior leaders, we know that whilst they enjoy the spotlight they do not necessarily enjoy the ‘**heavy lifting**’ of sole decision-making. Ironically, they have often set up this outcome by their own actions of how they lead the decision-making session.

“**Senior leaders often feel like they are doing all the heavy lifting in teams of no one else offering opinions when it comes to making decisions**”
Some decisions that come to the leadership team are functionally based decisions (Marketing launches as example) and are actually only there to inform the leadership team members or their input/advice is sought. However the final decision rests with the Functional leader as opposed to the entire leadership team. Some decisions require input from all leadership team members and therefore consensus is important. Some decisions are actually at the level of the ultimate leader and they may ask for input or not.

Leadership teams that get clear on the various options open to them regarding how they make decisions report an increased efficiency in how they make decisions and who best is able to make that decision. Paradoxically input is sought more often from a range of peer leaders but the ultimate decision is made faster.

“We used to spend hours debating decisions that in fact had little to do with the leadership team and wasted time as well as slowing down the organisation. Once we got clarity on who to make decisions and where the decision rights lay, we increased the speed and quality of decision making in the organisation.” Pharmaceutical Client

Based on observing hundreds of leadership teams we suggest an effective meeting schedule or operating rhythm is made up of a series of different meetings with different agendas and timeslots.

<table>
<thead>
<tr>
<th>Meeting Type</th>
<th>Duration</th>
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<tbody>
<tr>
<td>Annual planning meeting of 2-3 days</td>
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<tr>
<td>Quarterly meeting to review key milestones and goals of 1+ days</td>
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<tr>
<td>Monthly business review session (past and forecast) of 1 day</td>
<td></td>
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<tr>
<td>Weekly business updates of 1-2 hours</td>
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<tr>
<td>A Huddle meeting (midweek or even daily) of 5-20 minutes</td>
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Organisational leadership teams (as opposed to functional teams) will also have meeting points that cover:

- Annual budgets
- Marketing / Brand Reviews
- Talent Management Reviews
- International Visits
- Potential acquisition activities
- Review of the leadership team as a team

Most organisational teams are good at an annual planning process with quarterly updates. Presuming the organisation has a distinct purpose and strategy in place and it is communicated well and understood, then these annual and quarterly sessions are flow down or cascaded meetings, from the original purpose and strategy.
They achieve this by gaining shared clarity on the answers to questions that are critical to their success. Teams are those who develop the capability to manage with the right balance of trust, challenge, and accountability.

Up to 50% of the variance in organisational performance can be attributed to the top team. Developing High Performing Leadership Teams focuses on how to work efficiently together and leaving the teaming to their functions. Katzenbach & Smith's work suggests that most teams are in fact working groups. There are a range of approaches to teams, and it seems obvious but of course it is not! Many leadership teams set up formal structures and processes to support team decision-making and execution. However, these structures often do not account for the informal processes of communication, alignment, and accountability that are essential for high performance.

The greatest challenge for leadership teams seems to create a “sharpening of stillness” in hectic agendas to stay on track and ensure that important decisions are made with the right level of information and context. The process for doing this is through active reflection, sharing of perspectives, and clear execution of roles and responsibilities.

THE WORK REQUIRED from Q2:

1. Decide whether you have the right people on your leadership team. Act quickly if not. Ensure the concept of the first team is embraced and understood by members of the leadership team. Explore the ramifications of the leaders of the organisation not embracing the first team notion and how that would impact the organisation’s ability to grow.

2. Undertake a process to map out the various types of meetings the leadership team need to be a part of and take an active view of how best to set up the timings of each meeting. Keep creative and blue-sky meetings separate from business review type meetings. Get clear on the ‘rules of engagement’ for the leadership team regarding meetings.

3. Following the operating rhythm design process, take time to get clear on decision rights, decision processes, and how best to enable the leadership team and organisation to be decisive. Review and tweak all processes every quarter to ensure they are optimised to suit the business and people in the business change.

Q3. ARE WE OPTIMISING EACH OTHER?

Do we know how best to work with each other as leadership team peers?

Most leadership textbooks rate strategy execution as the number one senior executive priority. Yet many teams fail to deliver on well-developed strategy. Rarely is strategic failure due to flawed strategy. More commonly, it is due to the leadership team not executing well enough and certainly not holding each other or respective functions to account.

Optimising each other as team members covers three distinct areas that collectively build a sense of accountability:

- **Building a trusting leadership team environment,**
- **Being able to ‘call each other’ when issues arise or mistakes happen** and
- **Developing an appreciation of what each person brings to the team.**

THE IMPORTANCE OF TRUST

Developing a sense of trust allows the team to have robust and challenging conversations. Lencioni, in his book “The Five Dysfunctions of a Team”, suggests trust is the most important factor in successful teams.

The research on trust suggests that at either end of a continuum people gravitate to trusting others until proven untrustworthy or at the other end, trusting others as they earn that trust.
Developing High Performance Leadership Teams

When business leaders are asked about how many people they totally trust in their life, most answer that they trust only a handful of people to a level of 100%. So why would we expect that they would ‘magically’ trust their team colleagues 100%.

Whilst we agree that trust is a crucial factor, many teams are successful without high levels of trust. What is needed therefore, to quote our colleague and fellow author, Peter Hawkins, is “enough trust”. In practice this means the team members trust each other enough to make decisions together without fear of retribution from each other later. Trust is an enabler of quality conversations and quality conversations build quality organisations. However successful teams do not have to be made up of members who totally trust each other.

Developing enough trust allows the conversations to take place. Trust builds up over time. Colleagues who experience positive and tough situations together, who take time to discuss those events, naturally build up a mutual trust of each other. Teams that take time to socialise together get to understand each other’s backgrounds, family situations and personal dislikes, find they actually appreciate each other more. Actively taking time to understand each other’s career paths to the current point of time allows for commonalities to emerge and to facilitate enablement of trust.

Leadership teams develop trust over time and across many events or platforms. Agreeing on rules of engagement along with the consequences for non adherence and the process for managing non adherence allows for the team to put enough trust in place.

**BEING ABLE TO CALL ON UNDESIRRED BEHAVIOOURS**

Some of the most challenging and distracting challenges for leadership team center on communication and relationships across the team and how the team actually behaves with each other. Too many teams voice one way of behaving but actually behave very differently in reality. They then wonder why silos are seen to develop.

One role of the ultimate leader is to set the example of complimenting desired behaviours as they arise and ‘calling out’ undesired behaviours. This needs to be consistent and objective. Having the leadership team undertake a 360 degree process, whether through a structured assessment tool or an informal interviewing process, allows each team member understand the behaviours they are contributing to that team. All leaders will need to adapt behaviours for the overall benefit of the leadership team and to support the desired strategy at hand.

Once a 360 process is carried out and results shared by the team members with the colleagues, the team is able to give permission to each other to collectively call out each other’s behaviours as needed. For many teams this is a learned exercise and does not happen easily. With practice though this becomes the norm and sets an open transparent culture that can be replicated down the organisation.

**LEARNING TO APPRECIATE THE TALENTS OF EACH MEMBER**

Organisational Psychologist Losada, researched the ratio of positivity to negativity needed on high performance teams and observed that the most productive teams were positive: negative to each other in a ratio of 4:1. This was in marked contrast to under performing teams who reversed that ratio!

In practice this is not about giving superficial style compliments to each other. Rather it involves catching each other doing good work and commenting on that output or input.
When this happens colleagues are (a) more aware of what they do well and will keep doing this and
(b) more likely to listen to negative feedback and act constructively upon that.

Effective teams develop a process that enables them to do this regularly and well. Agrees phrases
such as, “I appreciate that you did XXX” or “I would appreciate if you did XXX” takes the
clumsiness out of a very useful exercise.

Lastly, effective teams take time out on a semi regular basis to review the progress of the team, as a
team. This is not a BAU conversation but very much one of assessing the team in its performance as
a leadership team. High performing teams do this as a dedicated meeting up to four times per year.

“The work required from Q3:
Create an environment that encourages honest conversations. Take time to get to know each other
especially to learn each other’s leadership, decision making and operating styles. Learn that
accountability is not just top down but also peer across. In doing so develop a team resilience
modality.

Whenever there is a major leadership team meeting, coincide a dinner with it for social reasons.
Occasionally invite the partners of leadership team members along to broaden the conversations
and to get to know more about fellow colleagues.

Undertake a feedback mechanism such as a 360 degree process for all team members to learn where
each team member is adding value and detracting for the overall team output. Agree on core
behaviours as a collective team and as an individual within that team. Take a quarterly pulse check
to assess progress.

Develop a culture of appreciation for all members of the team. Learn how to ask for more from each
colleague and to compliment for a job well done.

Regularly review the progress of the team as a team, using an external facilitator.
Q4. ARE WE SERVING ALL OF OUR STAKEHOLDERS?

A trap that many underperforming leadership teams fall into is becoming too insular. With this they lose sight or hearing about what the key stakeholders require from them. The other option that often plays out is where the leadership team becomes over focused on one or a number of the stakeholders at the exclusion of others. As example, understanding the drivers of financial results that serve the observers of short-term results while ignoring the drivers of long term sustainability that actually serves customer needs.

The result of this is that decisions are made without a robust consideration of the needs of the full system. The outcome is often a suboptimal scorecard for the leadership team and the organisation as the needs of important stakeholders are not being considered.

One of the greatest “ah ha” moments we observe in the leadership teams is when they gain clarity and understanding about who are the full range of stakeholders in their system. The view is expanded to include groups within the organisation, shareholders, suppliers, customers, community, government and other related parties.

Peter Hawkins in his book, ‘team coaching’, observed that an important activity is to understand what each of these groups is asking of the team. It is not uncommon that some of the demands will be in conflict with the interests of other stakeholder groups. Quite often the conflict that happens in leadership team is to do with the diversity of demands asked of it by external stakeholders. For FMCG companies a price war between competing supermarket chains can lead to volatility in product volumes and profits. Some organisations find their volumes increase but profits drop. Depending on how members of the leadership team are rewarded can pitch leadership team members as competitors with each other.

Undertaking a stakeholder analysis and mapping out stakeholder demands is a useful exercise that most leadership teams omit. It is with this full knowledge that the team can work with the groups to find compromise and manage expectations so that the conflict is minimised. This allows for clarity, focus and execution of strategy that accommodates and satisfies stakeholder needs.

In working with leadership teams we have found that it is not uncommon for the team to be working with a ‘premise’ of what a stakeholder wants. This premise was formed a number of years ago. Often, this is not the current reality and as a result the team is operating from a misinformed position. The result is unmet stakeholder expectations.

“As leadership teams often work with a premise of what their stakeholders need that is outdated.”

As in any fluid environment, the needs of stakeholders will not remain static. It is important for leadership teams to maintain consistent contact and dialogue with stakeholders to clarify expectations as well as gather feedback.
THE WORK REQUIRED from Q4:

**Know all the stakeholders.** Conduct a stakeholder mapping exercise, both for internal and external stakeholders. Understand their expectations and gain alignment between the expectations of various parties to inform the team’s mandate.

**Develop a stakeholder engagement plan for each key stakeholder or stakeholder group.** This often can include an influence and communication plan. Ensure consistency of communication from all members of the leadership team to each of these stakeholders. For leadership teams that have international stakeholders across diverse geographies i.e. Asia and Europe, the leadership team are well served using a cross border library resource such as Globesmart to understand how to best influence stakeholders in a range of counties.

*Check in regularly with stakeholders to ensure currency.*

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**Q5. ARE WE LOOPING AND LEARNING?**

How are we enhancing the organisation culture?

In his seminal work, *The Learning Organisation*, Peter Senge spoke about the need for organisations to capture and integrate the learning that happens at all levels of the organisation. The intent of this is that the organisation itself retains the learning rather than it being isolated within the individual who had the learning experience.

Start up organisations typically have a fast learning culture because they do not survive if they do not learn from mistakes and successes. Mature organisations have the luxury of not needing the learning urgency but without the learning process taking place, the organisation will eventually decline.

The greatest challenge for leadership teams seems to create a ‘shaft of stillness’ in hectic agendas to stop and reflect on what has happened without using the process to ‘blame’ or ‘grandstand’. High performing leadership teams take the time to capture their learning so it can be used to increase effectiveness and efficiency. The process for doing this is through active reflection, sharing of information and rapid execution of learning.

This can be done for both positive and negative experiences to examine what worked well and what could have been done better or differently?

What is critical to this is a culture of honesty (where there is enough trust) and the willingness to forgive mistakes. Once the situation is understood then the learning can be integrated into systems, processes and interactions to enhance the effectiveness of future efforts.

The leadership team as an intact team needs to start with itself as a learning group before it can expect the organisation to embrace learning as an active triple loop.

As part of the operating rhythm, setting an agenda item that includes regular reflection and reviews of major initiatives, events or strategic imperatives.
The process of rapid learning starts at onboarding executives to the leadership team effectively. A typical transition from new hire or promotion to effective performance at executive level is up to nine months. Organisations that have an active onboarding process in place can accelerate this transition to less than six months. At the level of impact an executive has on an organisation, this is a competitive advantage.

Many organisations report frustration that similar projects are being worked on across the company in isolation of each other. With that mistakes are repeated and learning’s are not capitalized upon. Enhanced organisational culture that is the crucible for high performing teams foster a learning culture across the whole organisation.

### THE 5Q APPROACH

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<th>Focus Areas</th>
<th>Team</th>
<th>Make decisions</th>
<th>Clarity</th>
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<tbody>
<tr>
<td><strong>What is our unique collective mandate?</strong></td>
<td>Structures</td>
<td>Right people in right roles</td>
<td>Efficiency</td>
</tr>
<tr>
<td><strong>Are we structured to deliver that mandate?</strong></td>
<td>Personality</td>
<td>Constructive debate</td>
<td>Effectiveness</td>
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<tr>
<td><strong>Are we optimised as leaders in this team?</strong></td>
<td>Ownership</td>
<td>Hit collective stride</td>
<td>Achievement</td>
</tr>
<tr>
<td><strong>Are we servicing our collective stakeholders?</strong></td>
<td>Evolution</td>
<td>Capitalise and cascade insights</td>
<td>Transformation</td>
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<tr>
<td><strong>How do we loop and learn?</strong></td>
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### THE WORK REQUIRED from Q5:

Make a learning / reflection review as a standing agenda item. Encourage a ‘seek to understand’ approach to exploring events and consequences. Ensure that learning is captured and integrated into processes and practices.

Developing a leadership team takes effort and time. One client of ours recently said that the expected results from their efforts came after six months. The team members fully understood their collective strategy, started cascading decisions down the organisation and work flows became more efficient. The unexpected results came after eighteen months of team development. The discretionary efforts and relationship outcomes created innovations that the leader could not have predicted.

If quality conversations build quality organisations, then you have to start asking questions. **Are you asking them of your team?**