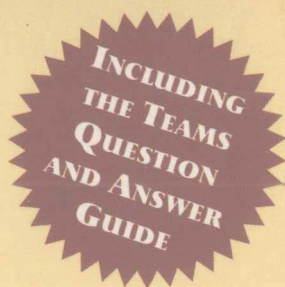


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THE WISDOM OF TEAMS



*Creating the
High-Performance
Organization*

"You'll be hard-pressed to find a better
guide to . . . the essential building
block of the organization of the future."

—John Byrne, *Business Week*

ON R. KATZENBACH
DOUGLAS K. SMITH

The Wisdom of Teams

Creating the High-Performance
Organization



HarperBusiness

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Acknowledgments

We approached the idea of a book on teams cautiously. After all, we thought, teams are a well-known subject and there must be a thousand books on the subject already. Still, we suspected that most of these books focused on persuading readers that “teams are important” or providing how-to advice on building teams as an objective in itself. We were interested, by contrast, in understanding what lessons actual teams and nontteams had for others who choose to struggle with change and performance. By going down this path, we hoped to discover something to say that was (in our minds at least) different from most books on the subject.

THE CORE TEAM

Probably Carol Franco, our editor at the Harvard Business School Press, was the first to suggest that “we might all become a team.” Our first bona fide team recruit was Nancy Taubenslag, a natural for us because of her role in the Rapid Response Team (Chapter 5). Nancy brought us the invaluable skills of disciplined project management, organized thinking, and skeptical but constructive criticism. We are also forever indebted to Nancy for constantly reminding us that teams have feelings too.

We next discovered Mark Voorhees, a professional freelance journalist who turned out to be the team's irritant member and secret weapon. Without Mark's relentless pursuit of the real story, we wouldn't have half the insights that we developed. Mark refuses to take anything on faith, has the natural instincts of a detective, and writes better color than the rest of us put together. We never quite converted him to consultantese (thank goodness), but we did move him a little toward the center.

Gigi Harned-Annonio and Tricia Hennessy had to type—retype, file—refile, find—refind, and keep track of all kinds of things we never used as well as what finally made the cut. We don't know how many late nights the two logged because of the book. But without their dedication and patience there would be no book. More important, they had to calm the frantic authors on more than one occasion when computer malfunctions, lost files, or misplaced materials caused panic. In fact, Katz managed to lose the entire Microsoft Windows software package, files and all, one weekend on Long Island, or so he thought. After a desperate midnight ride back into New York, his son Ray (a computer manager in Seattle) talked him through the basic recovery steps by long-distance telephone. We obviously owe Ray a special mention for that miracle.

Katz started the actual writing during his summer vacation in East Hampton, much to the dismay of his family. But there was method in his madness. He knew his wife Linda was a born editor and an outstanding reader, and he secretly hoped to get her involved. Linda, of course, was much too smart to fall for his first insidious efforts to lure her into the effort, but she finally agreed to do it if she could keep track of her hours so he would know just how much time she devoted to the book; it turned out to be literally hundreds of hours, and we will not tell you how much that will cost Katz. Linda was invaluable because she stayed with us through thick and thin (the kind of phrase she hates, by the way) and was a constant source of wisdom as well as detail.

The final member to join the team was Alan Kantrow, whose insightful editing brought the book to another level. Alan came at this book even more cautiously than we had—it took him a long while to believe there even *was* a book. But, eventually, he got hooked. And the time, dedication, and contributions that he made

were clearly at core team levels. To the extent any real wisdom of ours is to be found in the book, Alan deserves much of the credit for drawing it out of us.

OTHER KEY CONTRIBUTORS

A few people made the extra effort that deserves special mention. Dick Cavanagh, Don Gogel, and Roger Kline were kind enough to read an entire early manuscript and provide encouragement as well as constructive criticism. Cavanagh in particular went out of his way to offer special insights and introduce us to several teams. Fred Gluck, Ted Hall, and Bill Matassoni read our final draft and gave us badly needed encouragement regarding McKinsey relevance and support. We would also like to thank the anonymous "peer group" readers whom the Harvard Business School Press selected. Each took a great deal of time and effort to give us frank and detailed feedback on an early draft—and it was very helpful (even the comments of the person who absolutely hated it). Ken Kurtzman and Chris Gagnon did early work on the subject, which gave us our initial framework for thinking about teams as well as some excellent examples.

Robert Waterman and Tom Peters kindly spent several hours with Katz before we ever put pencil to paper, reacting to our initial ideas and helping us understand how to avoid some of the possible pitfalls of co-authorship. Many of their ideas have been instrumental in our thinking.

Frank Ostroff deserves special mention for his unique efforts in gaining us access to critical nonclient companies. Bob Kaplan, Mike Nevens, Dave Noble, and Bruce Roberson went out of their way to help us arrange discussions at and case examples from important companies. Gene Zelazny, McKinsey's gifted visual-aids consultant for nearly thirty years, created the visual charts and conceptual framework illustrations.

Bob Irvin strengthened our performance curve and our thinking about working groups at the top. Diane Grady and Ashley Stevenson furthered our understanding of how teams are critical to broad-based, frontline change. Steve Dichter shared his insights on teams and transformational change. Tsun-Yan Hsieh was extremely helpful in adding to our perspective on leadership and change teams. Mike

Murray deserves to be singled out for being the first to focus our attention on the performance ethic of a company.

In addition to Carol Franco, people at the Harvard Business School Press who helped were Gayle Treadwell, David Givens, Nat Greenberg, Sarah McConville, Billie Wyeth, and Leslie Zheutlin.

Others who guided our thinking with both insight and patience included: Dick Ashley, Susan Barnett, Charlie Baum, Molly Bayley, Marvin Bower, Esther Brimmer, Lowell Bryan, John Cecil, Steve Coley, Alison Davis, Dolf DiBiasio, Chuck Farr, Bob Felton, Peter Flaherty, Dick Foster, Peter Foy, Larry Kanarek, Jeff Lane, Gil Marmol, Scott Maxwell, Mike Pritula, Jim Rosenthal, Bror Saxberg, Charlie Schetter, Jane Smith, Andy Steinhubl, Warren Strickland, Robert Taylor, Denis Tinsley, Judy Wade, Peter Walker, and Don Waite.

Last, but not least, we acknowledge the dozens of actual teams and nontteams that shared their experiences and insights with us, nearly all of which are listed in the Appendix. They deserve most of the credit for whatever is useful and real in this book. Each gave of their time as well as their knowledge. But even more important, like all real teams, they took the risk of exposing themselves openly and honestly to relative strangers. We can never thank them enough, not only for enabling us to write this book, but especially for what we learned from them.

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A Note About What to Expect

TEAM is a word and concept well known to everyone. Accordingly, we first intended this book to explore teams in a broader organizational context. We also believed that our past experiences, plus the existing body of research knowledge, would provide us with most of the information we needed. We were wrong.

As we started our search for examples to confirm what we thought we knew, we quickly discovered how much we had overlooked and how rich the subject of teams actually is. As a result, we have spoken with hundreds of people in dozens of organizations, focusing on groups who were or might have been teams. (See Appendix.) We discovered no bad examples; we learned from all of them. We also came to recognize how much there is to be learned from such experiences.

What this book has to say is both obvious and subtle. Many people recognize the obvious about teams. For example, the elements of our definition are obvious. But the discipline they imply is not. Moreover, each element has an obvious meaning. But each also has more subtle implications. And finally, it is obvious that teams outperform individuals. We have researched and written this book, however, because it is not obvious how top management can best exploit that advantage.

For that reason, we have made actual team stories the focal point

of this book. We rely on them for our insights, use them to make our points, and base our evidence on them. The stories we relate present a wide variety of performance challenges, types of people, and organizational environments. Probably none will perfectly match the specific team opportunities that you have experienced or faced. Nor will you find all the stories equally compelling. We hope, however, that they will be as rich a learning opportunity for you as they were for us.

We should emphasize that we are relating stories of teams, not whole organizations. We have purposely sought out teams in organizations with a wide range of performance records to better understand team dynamics in different settings. The team accomplishments, often extraordinary, are nonetheless only those of a team and, more or less, only coincide with the life of the team. Nonetheless, we have gained both knowledge and conviction by observing how consistently the conditions for team performance emerge across such a wide variety of business conditions and organizational settings.

As expected, we did find a lot of common sense in what makes teams perform. We also kept running into *uncommon* sense that made a difference in team performance. The purpose of this Prologue is to highlight for the prospective reader the most important findings in both these categories and indicate what we will be exploring and drawing lessons from in various team stories throughout the book.

COMMONSENSE FINDINGS

If there is new insight to be derived from the solid base of common sense about teams, it is the strange paradox of application. Many people simply do not apply what they already know about teams in any disciplined way, and thereby miss the team performance potential before them. Common sense, for example, suggests that teams cannot succeed without a shared purpose; yet more teams than not in most organizations remain unclear *as a team* about what they want to accomplish and why. Throughout the book we will explore why it is so difficult to apply common sense about teams:

1. A demanding performance challenge tends to create a team. The hunger for performance is far more important to team success than team-building exercises, special incentives, or team leaders with ideal profiles. In fact, teams often form around such challenges without any help or support from management. Conversely, potential teams without such challenges usually fail to become teams.

2. The disciplined application of “team basics” is often overlooked. Team basics include size, purpose, goals, skills, approach, and accountability. Paying rigorous attention to these is what creates the conditions necessary for team performance. A deficiency in any of these basics will derail the team, yet most potential teams inadvertently ignore one or more of them.

3. Team performance opportunities exist in all parts of the organization. Team basics apply to many different groups, including teams that recommend things (e.g., task forces), teams that make or do things (e.g., worker teams, sales teams), and teams that run things (e.g., management teams at various levels). Each of these types of teams, of course, face unique challenges. But the commonalities are more important than the differences when striving for team performance. Unfortunately, most organizations recognize team opportunities in only one or two of these categories, leaving a lot of team performance potential untapped.

4. Teams at the top are the most difficult. The complexities of long-term challenges, heavy demands on executive time, and ingrained individualism of senior people conspire against teams at the top. In addition, how executives are expected to act often conflicts with effective team performance. As a result, there are fewer teams at the top of large organizations, and those that do exist tend to have fewer people. Importantly, however, we believe this is caused by a number of misplaced assumptions about teams and behaviors at the top.

5. Most organizations intrinsically prefer individual over group (team) accountability. Job descriptions, compensation schemes,

career paths, and performance evaluations focus on individuals. Teams are often an afterthought in the “nice to have” category. Our culture emphasizes individual accomplishments and makes us uncomfortable trusting our career aspirations to outcomes dependent on the performance of others. “If you want to get something done right, do it yourself” is a common belief. Even the thought of shifting emphasis from individual accountability to team accountability makes us uneasy.

UNCOMMONSENSE FINDINGS

We also have found a lot of uncommon sense that made a significant difference in team performance. Many of the highest-performing teams, for example, never actually thought of themselves as a team until we introduced the topic. Moreover, in high-performance teams, the role of the team leader is less important and more difficult to identify because all members lead the team at different times. From these teams and others, we found that—counter-intuitively—teams and teamwork are *not* the same thing; team leaders are best distinguished by their attitude and what they do *not* do; and focusing primarily on the goal of “becoming a team” seldom works.

The most important uncommonsense findings that we will develop further throughout the book include:

1. **Companies with strong performance standards seem to spawn more “real teams” than companies that promote teams per se.** Teams do not become teams just because we call them teams or send them to team-building workshops. In fact, many frustrations with broad-gauged movements toward team-based organizations spring from just such imbalances. Real teams form best when management makes clear performance demands.

2. **High-performance teams are extremely rare.** Despite the attention teams have been receiving, the true high-performance team—that is, one that outperforms all other like teams, and outperforms expectations given its composition—is very rare. This is largely because a high degree of personal commitment to one another differ-

entiate people on high-performance teams from people on other teams. This kind of commitment cannot be managed, although it can be exploited and emulated to the great advantage of other teams and the broader organization.

3. Hierarchy and teams go together almost as well as teams and performance. Teams integrate and enhance formal structures and processes. Hierarchical structures and basic processes are essential to large organizations and need not be threatened by teams. Teams, in fact, are the best way to integrate across structural boundaries and to both design and energize core processes. Those who see teams as a replacement for hierarchy are missing the true potential of teams.

4. Teams naturally integrate performance and learning. We have yet to meet anyone who disagrees with the aspiration implied in the “learning organization.” Yet, many people also express concerns over how to balance short-term performance emphasis with longer-term institution building. Teams, we discovered, do just that. By translating longer-term purposes into definable performance goals and then developing the skills needed to meet those goals, learning not only occurs in teams but endures.

5. Teams are the primary unit of performance for increasing numbers of organizations. Managers cannot master the opportunities and challenges now confronting them without emphasizing teams far more than ever before. The performance challenges that face large companies in every industry—for example, customer service, technological change, competitive threats, and environmental constraints—demand the kind of responsiveness, speed, on-line customization, and quality that is beyond the reach of individual performance. Teams can bridge this gap.

Much of the wisdom of teams lies in the disciplined pursuit of performance. We explore this throughout the three parts of the book. Part I, *Understanding Teams*, examines why teams increasingly matter to the performance of large organizations, why rigorous attention to the basic elements of our team definition leads

to achieving team performance, and why truly high-performance teams are so rare. Part II, *Becoming a Team*, describes how and why the performance of groups varies, including both teams and non-teams. It also covers what it takes to become a team from the team's perspective, including what successful team leaders do, and why the basic team discipline becomes even more essential when teams get stuck. Part III, *Exploiting the Potential*, concentrates on top management's role in getting the most out of the performance potential of teams across an organization, including its own group at the top. Part III also explores how and why teams are so critical to managing the major changes in skills, values, and behaviors essential to most companies that aspire to become high-performing organizations.

We certainly do not know all there is to know about teams. There is more to be learned, for example, about teams at the top, interlocking teams, the role of teams in high-performing organizations, and the impact of real teams on those around them. Moreover, we have not subjected either the stories we relate or the lessons gleaned to the standards of statistical or scientific proof. Indeed, we have included more stories and in greater detail than might otherwise be needed because we sincerely hope readers will derive their own conclusions by comparing what is offered here with their own team experiences. We also believe the wisdom of teams is far more accessible in stories than in distilled lessons. Thus, having spent time with scores of teams in dozens of organizations, we would like to share the insights gained from those who were so generous in helping us learn why they—as teams—have made a difference.

PART ONE

Understanding Teams

Figure I-1

FOCUSING ON TEAM BASICS

