In 2015, Zappos CEO Tony Hsieh sent out a long email to all 1,443 of his employees, urging them to take 30 minutes to read the details of what was known as Holacracy. Hsieh’s email delivered news that managers were being phased out of the company, though the main body of the letter used terms such as “teal organization”, “self-organization”, and “glass frog”—all new terms to the employees. At the end came the news that manager roles were no longer valued by the company structure and that employees had little more than a month to accept the new roles or leave the company with a severance package. In the following months, chaos and confusion reigned inside the company and 18% of the company workforce voluntarily accepted severance packages to leave, including 40% of a team working on a large technical infrastructure migration. With no bosses, work teams were replaced with “circles.” Employees start or join a circle based on the type of work they want to do and each circle has a “lead link” who is similar to a project manager but with limited authority. Circle members decide their roles and responsibilities in a series of governance meetings and track progress in tactical meetings. Many of the 269 ex-managers, upended by Holacracy, joined a circle called “Reinventing Yourself.” More than 300 circles were created in customer service, social media, Holacracy implementation, and in other areas. To smooth the transition, one executive took it upon herself to organize “Teal Talks” to help employees understand what it meant for the organization to go from “Green” to “Teal,” admitting that the CEO had no idea how people would take the news. “We’re doing now what we should have done months ago, before the offer was made, to prepare people and educate them,” the executive said. With no hierarchical layering, meetings were more efficient, and one manager sped through 27 agenda items in 90 minutes.1

Many leaders, like Tony Hsieh, are concerned about performance and team productivity. Several factors that need to be in place for successful teamwork include: talented people, motivation, and seamless coordination. Ideally, teams could benefit from a model or set of guidelines that would tell them how to organize and how to deal with inevitable threats to their goal achievement. Such a model would serve two purposes: description, or the interpretation of events so that teams have an accurate analysis of the situation; and prescription, or a recommendation on what to do to fix the situation. In this chapter, we introduce a model of team performance.

AN INTEGRATED MODEL OF TEAM PERFORMANCE

Exhibit 5-1 is a descriptive–prescriptive model of team performance. It tells us what to expect in terms of team performance and suggests ways to improve the functioning of teams. This chapter steps through each element of this model.

The message of the model is straightforward: The context of the team (referring to its internal processes, external constraints, and opportunities) influences three essential conditions for team success: expertise, engagement, and execution. These essential conditions are the causal determinants of the team’s ultimate performance, that is, whether it succeeds or fails. The remainder of this chapter is divided into three key sections corresponding to the three elements in the model: team context, essential conditions, and team performance.

TEAM CONTEXT

The team context includes the larger organizational setting within which the team does its work, the design of the team in terms of its internal functioning, and the culture of the team. Teams operate in a social context that shapes behavior. The team leader must
think not only about the internal functioning of the team (e.g., expertise, engagement, and execution) but also about the external functioning of the team, including the organizational context and how the team interacts with other teams.

**Organizational Context**

The organizational context includes the basic structure of the organization (e.g., lateral and hierarchical), the information system, the education system, and the reward system. It includes the organizational policy and the material and physical resources required to accomplish group tasks. Even if a team has expertise, engagement, and execution skills, a lack of critical organizational infrastructure, such as information, tools, equipment, space, raw materials, money, and human resources, will hurt team performance. Teams ideally need a supportive organizational context that recognizes and welcomes their existence; responds to their requests for information, resources, and action; legitimizes the team’s task and how they are achieving it; and expects the team to succeed.\(^2\) A meta-analysis revealed that teams who perceive themselves to have high-performance managerial practices, sociopolitical support from the organization, and leadership are more likely to feel empowered, which ultimately leads to greater job satisfaction, organizational commitment, higher task performance, and reduced turnover intentions.\(^3\)

One element of the organizational context is **climate**. When group members regard the work climate to be unjust, they may engage in deviant behavior. The relationship between an injustice climate and deviant behavior is strongest when functional dependence among employees is low.\(^4\)

**Team Design**

Team design refers to the observable structure of the team (e.g., manager-led or self-managing). It refers to the leadership style within the team, functional roles, communication patterns, composition of the team, and the training of members. In contrast to the team’s culture, the team design is the deliberate, planful aspect of teamwork. Although the team’s culture evolves and grows and is not under the direct control of a manager, the design of a team is a deliberate decision, or choice made by the managers. Some managers may not realize that by not making decisions or leaving teamwork up to natural forces, they are in fact, designing their team.

**Team Culture**

Culture is the personality of a team. Team culture includes the unspoken, implicit aspects of the team that are not discussed in a formal fashion but nevertheless, shape behavior. Roles, norms, and patterns of behaving and thinking are influenced by the team’s culture. One way in which teams develop their culture is by imposing ways of


thinking and acting that are considered acceptable. A **norm** is a generally agreed upon set of rules that guides the behavior of team members. Norms differ from organizational policies in that they are informal and unwritten. Often, norms are so subtle that team members are not consciously aware of them. Team norms regulate behaviors such as honesty, manner of dress, punctuality, and emotional expression. Norms can be either prescriptive, dictating what should be done, or proscriptive, dictating behaviors that should be avoided.

Norms that favor innovation or incorporate shared expectations of success may foster team effectiveness. Certain norms may exist in teams but not in the larger organization. The attitudes of one’s closest peers (known as referent groups) strongly affect behaviors like absenteeism, more so than the norms established by the formal organizational units in which such referent groups are nested. In a classic study of organizational norm setting, two teams in the Western Electric Company’s Hawthorne Works developed highly different norms, even though they were in the same shop. One group spent a lot of time in conversation and debate, played games involving small bets, and maintained uniformly high output. In contrast, the other group traded jobs (a prohibited activity), engaged in joking, and maintained uniformly low output.

Norms develop as a consequence of precedent. The behaviors that emerge at a team’s first meeting often define how the team operates in the future—just look at the consistency of seating arrangements in business meetings. Norms also develop because of carryovers from other situations or in response to an explicit statement by a superior or coworker. They may also result from critical events in the team’s history. **Goal contagion** is a form of norm setting in which people adopt a goal held by others. Goal contagion is more likely between people who belong to the same group.

**ESSENTIAL CONDITIONS FOR SUCCESSFUL TEAM PERFORMANCE**

A number of factors must be in place for a team to be successful. The team members must:

1. Possess the relevant expertise to perform the task.
2. Be engaged and motivated to perform the task.
3. Execute the task by coordinating with other team members.

Next, we discuss each of these essential conditions in greater detail.

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EXPERTISE

For teams to perform effectively, members must have the expertise, or KSA s (knowledge, skills, and ability), to accomplish the task.\(^\text{11}\) This requires that the manager appropriately match people with the right skills to the tasks at hand and to the organizational human resource structure itself. There are five crucial skills for team members:\(^\text{12}\)

1. **Conflict resolution**—recognize and encourage task conflict but discourage relationship conflict
2. **Collaborative problem solving**—recognize the obstacles to collaborative group problem solving and implement appropriate corrective actions
3. **Communication**—listen nonevaluatively and appropriately use active listening techniques
4. **Goal setting and performance management**—establish specific, challenging, and accepted team goals
5. **Planning and task coordination**—coordinate and synchronize activities, information, and task interdependencies between team members

TEAM MEMBER SKILLS  One consistent predictor of team effectiveness is the team members’ cognitive ability. For example, the average level of team members’ cognitive abilities in military tank crews, assembly and maintenance teams, and service teams directly predicts their effectiveness. Trait conscientiousness also predicts effective team performance in assembly and maintenance teams and service teams.\(^\text{13}\)

An effective team needs people not only with the technical skills necessary to perform the work but also interpersonal skills, decision-making skills, and problem-solving skills. Team members who demonstrate greater mastery of teamwork knowledge are also those who perform better in their teams. Field data from 92 teams in a U.S. Air Force officer development program revealed that teamwork knowledge increased task proficiency.\(^\text{14}\)

TOO MUCH TALENT  While most people believe that talent always helps performance, in a team setting too much talent can actually become detrimental, especially when the team must engage in a high degree of coordination to perform well. For example, the

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too-much-talent effect emerged when team members were highly interdependent (football and basketball players) but not when they were more independent (baseball players).

**LEARNING CURVES AND EXPERTISE** The physical presence of other people is stimulating, and this greater arousal acts as a motivator on behavior. Whatever we might be doing, we do with more gusto when in the presence of other people, especially our team. However, there is a catch: The presence of other people enhances performance for well-learned behaviors, but hinders performance for less well-learned behaviors. Thus, greater arousal or stimulation enhances our performance on well-learned tasks but hinders our performance on novel tasks. The presence of other people triggers one of two responses: challenge (if someone is an expert) or threat (if someone is not an expert). **Choking under pressure** occurs when a person’s performance declines despite incentives for optimal performance. Moreover, the cardiovascular responses of people performing a well-learned task in the presence of others provide physiological evidence that experts feel challenged—increased cardiac response and decreased vascular resistance. However, if people are performing an unlearned task in the presence of others, they go into “threat mode”—increased cardiac response and increased vascular resistance. Consider for example, what happens to pool players when they are observed by others in pool halls. Novice players perform worse when someone is watching. In contrast, expert players’ games improve dramatically when they are observed. Similarly, joggers speed up on paths when someone is watching them and slow down when no one appears to be in sight. Additionally, people giving impromptu speeches perform worse in the presence of others than when alone.

**SOCIAL FACILITATION VERSUS SOCIAL INHIBITION** Social facilitation is the predictable enhancement in performance that occurs when people are in the presence of others. Social inhibition occurs when people are the center of attention and are concerned with discrepancies between their performance and standards of excellence. Thus, team leaders will actually make the performance of their team suffer if they apply performance pressure to people who are not yet an expert.

How can team players ensure that their behavior is the optimal response? There are two routes. Expertise is one way: Experts are trained to focus on what matters most. In order to combat the problems of overthinking, athletes use mental strategies such as singing or reciting mantras. For example, Calvin Johnson, former Detroit Lions receiver,

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prepared for each game by doing yoga. Speed skater Apolo Ohno yawned before a big race. When asked why by an interviewer, he attributed it not to fatigue, but to a psychological part of his pre-race routine. “I want to be a lion,” he said with a smile. And, right-handed athletes improve their performance under pressure simply by activating certain parts of the brain by squeezing a ball or clenching their left hand just prior to competition.

Practice and rehearsal is another strategy: It modifies the behavioral response hierarchy, so that the desired response becomes second nature. However, being an expert does not completely protect people from choking. In professional baseball and basketball championship series, the home team is significantly more likely to lose the decisive game than it is to lose earlier home games in the series. Why? The pressure to perform well causes people to focus their attention on the process of performing; therefore, the focus of attention turns inward. The more pressure, the more inwardly focused people become. When people focus on overlearned or automated responses, it interferes with their performance. It is best to avoid trying to learn difficult material or perform complex tasks in groups because peer pressure will obstruct performance. However, if team members are experts, they will likely flourish under this kind of pressure. Practice not only makes perfect but also makes performance hold up under pressure.

**PSYCHOLOGICAL FLOW** At a precise point between boredom with a task and intense pressure is a state that psychologist Mihaly Csikszentmihalyi calls flow. See Exhibit 5-2. Flow is a psychological state in which a person is highly engaged in a task. They are so interested in fact, that the person loses track of time, and the process of engaging in the task is its own reinforcement. Engagement is critical for flow. Engaged employees are more productive, more focused on the customer, safer, more profitable, and more satisfied with their jobs. In a typical organization, the ratio of engaged to disengaged employees is 2:1; in a highly productive organization, the ratio of engaged to disengaged employees is 9:1. According to the Gallup daily polling, 32% of employees in the U.S. are engaged, yet worldwide only 13% of employees working for an organization say they are engaged. Moreover, a meta-analysis of more than 152 organizations reveals that businesses with a high level of employee engagement have an earnings per share rate that is 3.9 times more than organizations with lower employee engagement within the same industry.

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STRESS VERSUS CHALLENGE  There is a fine line between challenge and stress. For example, people who strive to accomplish difficult goals may perceive their goal as a challenge, rather than a threat, and perform quite well. Challenge occurs when there is an opportunity for self-growth with available coping strategies; threat is experienced when the situation is perceived as leading to failure with no available strategies for coping. For example, in one investigation, people evaluated companies’ stocks and had to make decisions quickly and accurately. The same level of goal difficulty impaired performance and adaptation to change when people appraised the situation as a threat, but it improved adaptation to change when people appraised the situation as a challenge.

ENGAGEMENT

It is not enough for members of a team to be skilled; they must also be engaged and motivated to perform. Motivation comes both from within a person and from external factors.

People by nature are goal directed, but a poorly designed team or organizational environment can threaten team dedication and persistence. At certain times, members of a team may feel that their actions do not matter, that something always goes wrong to mess things up (e.g., a sports team on a losing streak), or that their input is not listened to. This can also happen if team members feel they are unable to affect their environment or cannot rely on others. The belief that the group has in themselves, or their **group potency**, is a significant predictor of actual performance.\(^{28}\) For example in one investigation, officer cadets completed a task in teams. Group potency, or “thinking we can,” contributed to group performance over and above measures of pure cognitive ability.\(^{29}\)

**MOTIVATION GAINS** Motivation gains refer to circumstances that increase the effort expended by group members in a collective task. Motivational gains in which the less capable member works harder is known as the **Köhler effect**.\(^{30}\) A field study of relay swimming at the 2008 Olympics revealed that swimmers performed better (swam faster) when they were late in the relay position, rather than early.\(^{31}\) Those late in the relay apparently saw themselves as indispensable for the ultimate team outcome. The psychological mechanisms underlying the Köhler effect are social comparison (particularly when someone thinks that their teammate is more capable) and the feeling that one’s effort is indispensable to the group.\(^{32}\) Group members are willing to exert effort on a collective task when they expect their efforts to be instrumental in obtaining outcomes that they value personally.\(^{33}\) In particular, the weakest member of a team is more likely to work harder when everyone is given feedback about people’s performance in a timely fashion.\(^{34}\) Although motivation gains gradually start to attenuate, they remain higher when people work with several different partners (as opposed to the same people).\(^{35}\) Motivation gains were also significantly greater when people worked in the physical presence of their coworker (as opposed to their virtual presence).\(^{36}\)

**SOCIAL LOAFING** A more common observation in groups is motivation losses, also known as **social loafing**. A French agricultural engineer named Max Ringelmann was
interested in the relative efficiency of farm labor supplied by horses, oxen, machines, and men. In particular, he was curious about their relative abilities to pull a load horizontally, such as in a tug-of-war. In one of his experiments, groups of 14 men pulled a load, and the amount of force they generated was measured. The force that each man could independently pull was also measured. There was a steady decline in the average pull per member as the size of the rope-pulling team increased. One person pulling on a rope alone exerted an average of 63 kilograms of force. However, in groups of three, the per-person force dropped to 53 kilograms, and in groups of eight, it plummeted to only 31 kilograms—less than half of the effort exerted by people working alone.  

This detailed observation revealed a fundamental principle of teamwork: People in groups often do not work as hard as they do when alone. This is known as social loafing.

Team performance increases with team size, but the rate of increase is negatively accelerated, such that the addition of new members to the team has diminishing returns on productivity. Similar results were obtained when teams worked on intellectual puzzles, creativity tasks, perceptual judgments, and complex reasoning. Social loafing has been demonstrated in many cultures, including India, Japan, and Taiwan. The general form of the social loafing effect is portrayed in Exhibit 5-3.

FREE RIDING People’s motivations often diminish in a team. Also, the larger the team, the less likely it is that any given person will work hard. For many team tasks, there is a possibility that others can, and will, do most or all of the work necessary for the team to succeed. This means that free riders benefit from the efforts of others while contributing little or nothing themselves. Team members are sensitive to how important their efforts are perceived to be. When they think their contributions are not going to have much impact on the outcome, they are less likely to exert themselves on the team’s behalf. Moreover, if team members are working on a task that exceeds their skill level, the other members compensate for them—if they are high in conscientiousness. For example, in one investigation of student teams, team members high in conscientiousness compensated for a social loafer in their group when he or she did not have the necessary skills. However, teams are much less likely to compensate for

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noncontributors who are displaying low effort but have high ability, than they are for those who display low ability and high effort.\textsuperscript{45}

How do teams react once a free rider has been detected? If someone is not contributing, the other team members might attempt to reduce that person’s reward (e.g., not allow someone to put his or her name on the group report if he or she has not contributed) or reduce their own inputs (i.e., the other members of the group might stop working hard). People are more intolerant of free riders who they perceive as out-group members and are more permissive of in-group members.\textsuperscript{46} For these reasons, it is important to have clear sanctions for free riding in teams. Zappos takes deliberate measures to weed out potential free-riding employees. Any new employee who shows up late for the start of the daily 7 a.m. orientation meeting is fired on the spot. At the conclusion of the orientation, the new employees are tested on what they learned during their four-week indoctrination and must pass a final exam by answering 90% of the questions correctly or they are out of the job.\textsuperscript{47} Meaningful consequences emphasize


\textbf{Exhibit 5-3 The Social Loafing Effect}

the team’s core values: showing up and contributing. The leaders of these teams correctly recognize that free riding and social loafing can be a serious threat to team productivity.

CAUSES OF FREE RIDING  Why do people free ride in teams? Three reasons: diffusion of responsibility, a reduced sense of self-efficacy, and “sucker aversion.”

Diffusion of Responsibility  In a team, a person’s effort and contributions are less identifiable than when he or she works independently. This is because everyone’s efforts are pooled into the team enterprise and the return is a function of everyone’s contribution. It is difficult (or impossible) to distinguish one person’s contribution from another. At an extreme, this can lead to deindividuation—a psychological state in which a person does not feel personal responsibility. As a result, the person is less likely to perform or contribute. Consider for example, a real-world case. A woman named Kitty Genovese was on her way home from work late one evening in New York. She was attacked by a man and stabbed to death. Thirty-eight of her neighbors in the apartment building where she lived saw the attacker approach and slay her but not a single person so much as called the police.

Most people attribute the neighbors’ lack of assistance to insensitivity. We might look at this however, from another perspective: People are more likely to free ride as the number of others in the group increases. Perhaps this is one reason why many people employed by companies that regularly committed accounting fraud did not blow the whistle. Observers in Kitty Genovese’s apartment building, who knew that others were also watching, felt less responsible and therefore, were less inclined to intervene. In effect, they told themselves, “someone else has probably already called for help.” Why inconvenience yourself when it is likely the woman will receive help from someone else? Of course, if everyone thinks this way, the probability that the victim eventually gets help decreases dramatically.

Reduced sense of self-efficacy  In some cases, it is not diffusion of responsibility that hinders people from contributing to a team effort, but rather the feeling that our contributions will not be as valuable, efficacious, or worthwhile as they might be in a smaller group. We believe our contributions will not be sufficient to justify the effort. Consider for example, the problem of voting. Most everyone agrees that voting is necessary for democracy. However, the majority of people often don’t bother to vote. For example, in the 2015 parliamentary elections in Switzerland, only 48.4 percent of registered voters cast a vote. Midway through the contentious 2016 primaries for choosing candidates for the President of the United States, only 29 percent of registered voters had cast a vote. People may feel that their vote has such a small impact on the outcome that voting is not worthwhile. Similarly, team members may feel that they lack the ability to positively influence a team’s outcome. Indeed, when the least capable member of a team feels particularly indispensable for group success, the group actually experiences a sort of social striving effect, meaning that they work harder to achieve their goals.

Sucker Aversion A common concern held by team members is whether someone will be left doing all of the work and getting little or no credit. Because everyone wants to avoid being taken advantage of, team members hedge their efforts and wait to see what others will do. Of course, when everyone does this, no one contributes. When people see others not contributing, it confirms their worst fears. The sucker effect becomes a self-fulfilling prophecy. In contrast, the Protestant work ethic (PWE) holds that hard work leads to economic success. People with a strong PWE are not affected by the reasons for their partner’s low output. Whether it is a lack of ability or lack of motivation, people with high PWE work hard, even if that means they are the “sucker.”

REDUCING SOCIAL LOAFING Suppose you are managing a team that processes insurance claims. Prior to the formation of teams, you measure the average claim processing time and find it to be three days. After forming the teams, you find the average has increased to about nine days. Has your team fallen victim to social loafing? Your manager advises you to immediately dismantle the teams. Someone else tells you that the company’s incentive system needs to be overhauled. What do you think?

Before you dismantle the teams or restructure the company’s entire pay structure, consider the following:

Identifiability When each member’s contribution to a task is displayed where it can be seen by others (e.g., weekly sales figures posted on a bulletin board or email), people are less likely to loaf, or slack off, than when only overall group (or companywide) performance is made available. People often regard their fellow group members as a collective rather than as individuals; if people think about the contributions made by each person in their group, they will be less likely to act in a self-interested fashion. The key is not identifiability per se, but rather the evaluation that identifiability makes possible. Indeed, many companies have replaced traditional end-of-year performance reviews with immediate feedback via real-time data. For example, Instacart and Pinterest use a real-time feedback tool, Reflektive, as an alternative to the traditional annual performance review. Reflektive allows employees to leave real-time feedback messages about any employee’s accomplishments, giving an ongoing peer review. At Pinterest, the tool is used to align team goals with the feedback received.

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Social loafing may be eliminated if the task is sufficiently involving, attractive, or intrinsically interesting. When tasks are highly specialized and routinized, monotony sets in. In contrast, when team members are responsible for all pieces of a work product or service, they feel more responsibility for the work. In one investigation of a fund-raising organization, callers in an intervention group briefly interacted with a beneficiary. Callers in two control groups read a letter from a beneficiary or had no exposure to him. One month later, the intervention group displayed significantly greater persistence (142 percent more phone time) and job performance (171 percent more money raised) than the control groups.

Challenging tasks may be particularly important for teams composed of people who are good at what they do or who believe that they are superior. Most people regard themselves to be superior on a number of intellective and social tasks. For example, the majority of people regard themselves to be better-than-average drivers; they also believe that they are more likely to have a better job. However, the positive illusion bias—unwarranted beliefs in one’s own superiority—can wreak havoc in teams. Work teams composed of people with strong motives to view themselves as distinctly more talented than others are likely to engage in social loafing when the task is unchallenging. In particular, people from individualistic cultures are most likely to have such motives. People who see themselves as above average are the most likely to engage in social loafing because they have a false sense of the value of their contributions. Indeed, people who feel uniquely superior expend less effort when working collectively on easy tasks. However, they actually work harder when the task is challenging.

Team members should recognize and reward contributions by individuals. At RockYou, a social game developer and advertising company, great ideas are recognized monthly with “You Rock Awards.” Peer nominations recognize employees for solving a problem, designing a game, or other innovations. You Rock nominees spin a wheel to choose an award, such as concert tickets, extra days off, or iPads. Similarly at Vertex Pharmaceuticals, employees get the highest possible compensation if they perform with passion and intensity, regardless of whether they meet the goal.

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Rewarding team members need not mean large financial incentives: Symbolic rewards can be more important than money. Sales managers may strategically use symbolic rewards, such as high-performer sales clubs or plaques and ceremonies honoring exemplary service, to deliver messages to the sales force. It is important for team members to feel appreciated and acknowledged by the members of their team as well as by the organization. There can be serious consequences if people feel they are not valued and respected, so much so that people are more likely to cheat and steal from the organization when they feel they have been unfairly treated. When people feel that they are respected by their superiors, they are more likely to contribute to the group’s welfare. Feeling respected is most important for members who feel the least included. Similarly, peer-based rational control, in which team members distribute economic rewards based on input from teammates, impacts performance. A field study of 587 factory workers in 45 self-managing teams at 3 organizations revealed that peer-based rational control led to higher team performance.

**Team Cohesion**  
Cohesive teams are less inclined to loaf. For example, when team managers’ and team members’ perceptions of organizational support are high and in agreement, performance increases, but when they are in disagreement, it decreases. Moreover, when team members know that they have a goal in common with other members, they are more likely to intensify their effort and motivation than when they are not aware of other members’ goals.

**Personal Responsibility**  
When teams set their own performance goals, they are less likely to loaf. Teams who have empowering leadership feel more motivated and committed to their goal.

**Prosocial Motivation**  
Prosocial motivation describes the state in which people desire to contribute to teams or collectives; pro-self motivation occurs when individuals seek to advance their own interests. Greater prosocial team motivation is linked to improved team performance and team OCBs (Organizational Citizenship Behaviors).

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Team Charter At the outset of teamwork, members should develop a written statement of objectives and practices. This should be collectively written, posted, and most important, revisited regularly. In a study of MBA students competing in a business strategy simulation, those students who developed a team charter and invested in taskwork (performance strategies) outperformed teams that did not develop charters or strategies. Referring to as “stacking the deck,” laying a solid foundation of teamwork and taskwork is essential for sustained performance.

Team Performance Reviews and Feedback People often don’t realize that they are not doing their fair share. And they overestimate how much they contribute to collaborative endeavors. For these reasons, it is important to provide team members with clear and regular feedback. However, more is not always better. Feedback that is provided too frequently can overwhelm an individual’s cognitive resource capacity and ultimately reduce their motivation. Feedback frequency exhibits an inverted-U relationship with task performance, suggesting that moderate amounts of feedback, with sufficient processing time, are ideal.

Team Size As the team gets larger and larger, free-riding increases. A field investigation of 212 knowledge workers within 26 teams, ranging from 3 to 19 members revealed that as team size increases, members experience relational loss, in which people feel that support is less available as team size increases. The larger the team, the less support team members feel they have, and this leads to diminished motivation and lower performance.

Suppose that you implement the preceding steps and your team’s performance is still less than what you think is possible, what should you do? Consider the third source of threats to productivity: execution problems.

Execution

Teams that have talent and motivation are well positioned to succeed. However, unless they are able to coordinate their talents and efforts, they may not achieve their objectives. Indeed, most of the threats to team productivity are attributable to execution problems, but managers, used to thinking in terms of expertise and engagement, fail to realize this—an example of the misattribution problem is discussed in Chapter 1.

Execution problems must be surmounted for a team to be effective. Team members may be individually good at what they do, but unless they coordinate their activities, they will not meet their team objectives. Successful execution involves the combined synchronization of the activities of all members. For example, after the devastating flooding in

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Texas in 2015, Red Cross volunteers worked with town officials in a coordinated fashion when roads were impassible: Sheriffs monitored when roads officially reopened and then let Red Cross response teams travel first through these roads leading team members to deliver supplies and food to those in need. When roads were too small and damaged to travel, team members hand-delivered supplies and food to everyone in need.  

Another example is a rowing team or a dance troupe—unless everyone is synchronized, they cannot achieve their performance goals, no matter how skilled and motivated the individuals. This is why teams often sing or chant to synchronize their movements and actions. Sir Adrian Cadbury, former chairman of Cadbury Schweppes, rowed in the 1952 Olympics. Sir Adrian took more than the lesson of timing from the world of rowing when he entered corporate life. “The beauty of racing in a crew is that you learn that any victory is the combined effort of everyone. In the same way company results reflect the performance of the whole firm.”  

Execution problems increase with team size and do so in an accelerating manner. The number of ways in which a team can organize itself (e.g., divide responsibilities, combine contributions, and coordinate efforts) increases rapidly as the team gets larger. Most people take coordination and communication in teams for granted. In other words, they do not anticipate that their handwriting will be misread by a teammate or that an email will be directed to a spam folder. People have a biased sense about the clarity of their own messages and intentions. They may not be as clear as they think they are. The problems in communication and coordination are compounded when the medium of communication is less rich, such as in email, text, and videoconferencing. What are some practical steps to ensure successful execution?

**SINGLE-DIGIT TEAMS**  
As the number of people on a team increases, it is that much harder to schedule meetings, move paperwork, and converge on ideas. The incidence of unanticipated failure increases. As a rule of thumb, teams should have fewer than ten members, and just enough to cover all needed skill areas.

**AGENDAS**  
Members need a clear sense of where they are going and how they will get there. If the team does not know where it is going, its efforts will be fragmented and members will waste time and energy.

**TRAIN TEAM MEMBERS TOGETHER**  
Team members who train together, as opposed to separately, work more effectively. This is because they have an opportunity to coordinate their strategies. A side benefit of training team members together is that training provides the opportunity to build trust.

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DIRECT COMMUNICATION  For most tasks, it is better for team members to directly communicate with the intended recipient, rather than going through others. This becomes a challenge when team members have different statuses. Ronen Shilo, CEO of Israel’s Conduit, does not want team members to “get all twisted up about level-jumping” and, so, encourages people to put aside the organizational chart and come to him with ideas and issues, even those who do not formally report to him.83

CLEAR PERFORMANCE STANDARDS  Every team needs clear performance standards. In the absence of performance standards, it is impossible to evaluate the effectiveness of a team. Ideally, team members should receive objective feedback, based on hard facts and deliverables.

   How does a manager know whether a team is performing effectively? If this question is hard to answer, then it will be difficult to build a high-performance team and diagnose problems before they threaten team performance. Furthermore, even if you happen to be in the fortunate position of working on a successful team, unless you understand what makes your team effective, you may make the wrong choices or be indecisive at inopportune times.

PERFORMANCE CRITERIA

What are the criteria by which we should evaluate team effectiveness? By performance criteria, we mean those factors used to evaluate the success or failure of a team effort, including: productivity, cohesion, learning, and integration.84

PRODUCTIVITY

Productivity is arguably the most important measure of team success. Did the team achieve its goals? The most important determinant of team success is whether the team has a clear and elevating goal.85 Team productivity requires that the team has a clear goal, adapting accordingly as new information arrives, goals change, and organizational priorities shift. This also holds true for changes in the marketplace—for example, the entrance or exit of a competitor or a stock market plunge. There are many dimensions to productivity: What was the team’s output? How does the output correspond to the team’s original goals? How quickly or timely were results achieved? How effective was the outcome? What is the correspondence between the team output and a measurable accomplishment (such as improved market share and new product development) by the organization? Efficiency is also important. If the team’s goals were accomplished, at what cost did this happen? Was it worth it? The productivity of a team is highly correlated with its goals, as well as the ability of the team to adapt, change, and


accommodate the goals in the face of new information, changing organizational priorities, and the changing marketplace.

It is not enough that the team is satisfied with the output or even that it meets some objective performance measure. Does the team’s output meet the standards of those who have to use it? If the team’s output is unacceptable to those who have to use it, the team is not effective. For these reasons, it is important to identify the legitimate clients of the team. The various end users who depend on the team’s output may focus on different performance standards (e.g., quantity, quality, cutting costs, innovation, and timeliness). At the Mayo Clinic, the best interest of the patient is the only interest to be considered. All employees know that the needs of the patient come first, and the entire organization is dedicated toward that goal.86

COHESION

A second major criterion on team performance is team cohesion. The word cohesion derives from the Latin word cohaesus, meaning to cleave or stick together. In physics and chemistry, cohesion refers to the force(s) binding molecules of a substance together. For teams, cohesion refers to the processes that keep members of a team (e.g., military unit, or work group) united.87 Did the team work together well, and are its members better able to work together in the future as a result of this experience? Are team members’ needs more satisfied than frustrated by the group experience,88 and “is the capacity of members to work together on subsequent group tasks enhanced or maintained”?89 Cohesion is a consistent predictor of team performance within project teams,90 but not necessarily service teams.91 Sometimes teams meet their goals, but relationships suffer and conflicts are not dealt with in a way that allow members to work productively together in the future: “Mutual antagonism could become so high that members would choose to accept collective failure rather than to share knowledge and information with one another.”92 In an effectively functioning team, the capability of members to work together on future projects is maintained and strengthened.

It is worthwhile to ask why team cohesion is important as opposed to being just a nice side benefit. For example, if a team puts a person on the moon, is this not a success

regardless of whether the team was cohesive? If the team effort is really and truly a one-time effort, then maximizing team cohesion may not be necessary. However, most of us want to build teams that will last for some meaningful length of time. If team members do not enjoy working on a team, future performance will suffer.

**Learning**

In addition to the functioning of the team as a whole, learning is also important. As anyone who has attended an executive education course can testify, cohesion may be present but learning may be absent. Simply stated, teams should provide growth and development opportunities for the individual needs of the members. People have a need for growth, development, and fulfillment. Some teams operate in ways that block the development of individual members and the satisfaction of personal needs. In short, members’ needs should be more satisfied than frustrated by the team experience. Teams should be sensitive to members and provide opportunities for members to develop new skills. This does not mean that teams or organizations exist to serve individual needs; rather, successful organizations create opportunities that challenge individual members.

**Integration**

Another perspective is that of the larger organization. Thus, a fourth criterion of team performance is integration. Does the organization benefit from the team? In many instances, the team becomes so self-serving that it loses sight of the organization’s larger goals. (This is most likely the case with teams that have greater autonomy.) This can occur when the team’s goals are incompatible with those of other departments or areas. If, for instance, a company’s sales force dramatically improves sales over a short time, this does the company no good. In fact, it could even hurt the company if the manufacturing group cannot fulfill the promises made by the sales force or if the technical support group cannot handle the new customer calls. This is an example where the sales strategy backfires at the organizational level.

In other cases, different teams in the organization may reinvent things already developed by the organization because they are not able to learn from outside their group. It is important for teams to understand the organization’s goals to work effectively toward them. Teams need to integrate with other units in the organization. Practically, this means that teams must disseminate information, results, status reports, failures, expertise, and ideas in a timely and efficient manner. Achieving integration requires solid planning and coordination with the rest of the company.

In summary, there are many ways a team can perform well and unfortunately, more ways for it to be ineffective. Exhibit 5-4 summarizes the team performance analysis, which can be performed by team members or team leaders. The relative importance of each of the four criteria varies across circumstances, and there is no single best set of conditions for optimizing performance. Teams are governed by the principle of **equifinality**—a team can reach the same outcome from various initial conditions and by a variety of means. 93 It is important for every team leader to think about which criteria are important when evaluating teamwork and to specify those in an *a priori* fashion.

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Conduct a performance analysis of your team using the following four criteria as a baseline. Remember, you don’t have to wait until the team is finished with its task to begin an evaluation. It is actually best to continually assess performance as the team is working toward its goal.

**PRODUCTIVITY**
- Does the team have a clear goal?
- What objective performance measures have been established at the outset of teamwork?
- Who are the legitimate clients of the team?
- Does the team’s output (e.g., decisions, products, and services) meet the standards of those who have to use it?
- Under what conditions should the goal change?
- What sources of information should the team consider to assess whether the initial goal might need to be changed?

**COHESION**
- Do the team members enjoy working together?
- What conditions could lead to feelings of resentment?
- What conditions could prevent team members from working together in the future?
- How are team members expected to accommodate changes, such as additions to the team, growth, and turnover?

**LEARNING**
- Do the individual team members grow and develop as a result of the team experience?
- Do team members have a chance to improve their skills and develop themselves?
- What factors and conditions could block personal growth?
- Are individuals’ growth needs understood and shared by group members?
- How can team members best learn from one another?

**INTEGRATION**
- How does the team benefit the larger organization?
- Are the team’s goals consistent with those of the larger organization?
- What other groups, departments, and units are affected by the team?
- What steps has the team taken to integrate its activities with those of others?

**Exhibit 5-4 Team Performance Analysis**

**TEAM PERFORMANCE EQUATION**

Now that we have discussed the four critical measures of team performance and the three key ingredients for team success, we can put them together in a single equation for the leader to use when assessing team performance:

\[
AP = PP + S - T
\]

Where

- \( AP \) = actual productivity
- \( PP \) = potential productivity
- \( S \) = synergy
- \( T \) = performance threats
The actual productivity of a team is a function of three key factors: the potential productivity of the team, synergy, and threats. The first factor, the potential productivity of a team, depends on three subfactors: task demands, the resources available to the team, and the team process.

**Task demands** are the requirements imposed on the team by the task itself and the rules governing task performance. Task demands determine both the resources needed for optimal performance and how to combine resources. **Resources** are the relevant abilities, skills, and tools possessed by people attempting to perform the task. **Process** concerns the way teams use resources to meet task demands. Team process describes the steps taken by the team when attempting the task and includes nonproductive as well as productive actions. The task demands reveal the kinds of resources needed, the resources determine the team’s potential productivity, and the process determines the degree of potential realized.

**Synergy** refers to everything that can, and does, go better in a team as compared with individuals working independently. **Performance threats** refer to everything that can go wrong in a team. Unfortunately, teams often fall below their potential; there is considerable process loss, or underperformance, due to coordination problems and motivational problems. Leaders can more easily control threats than synergies. Synergies can emerge, but they usually take more time than anyone expects. Therefore, the leader’s job is to set the stage for synergies by attempting to minimize all possible threats.

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**Chapter Capstone**

Putting teams on a course to achieve success requires managing the internal dynamics of teams (expertise, engagement, and execution), as well as the external relations of teams within the larger organization. One of the most effective things a manager can do to ensure that team success is to take a proactive approach and undertake an analysis of the essential conditions affecting team performance. One of the biggest managerial shortcomings in terms of teamwork is a failure to account for threats to team performance. This is unfortunate because managers can more easily control threats than synergies. Leaders want their teams to satisfy the end user or client, but they also need to make sure that teamwork is satisfying and rewarding for the members. If the team does not enjoy working together, sustaining long-term productivity will be impossible. Moreover, managing a team successfully must include managing and investing in the individual team members. As organizations move toward flatter structures and greater team empowerment, the possibility arises that team goals may become incongruent with those of the larger organization. A successful team is integrated with the larger organization.

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