Senior Leadership Teams: What It Takes to Make Them Great
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Welcome!

- **Dilemma for CEOs:**
  - CEO job has become too big for one person, BUT…
  - …Leading a team of leaders is a very daunting task

- **Embarked on a 9-year collaboration of practitioners and academics**

- **Our focus:** How CEOs can draw on the full range of capabilities of their leadership team to
  - Help formulate and execute a coherent strategy
  - Realize the company’s objectives
  - Respond quickly to changing market conditions
Effectiveness of the Leadership Teams We Studied

Performance

- Outstanding: 21%
- Mediocre: 37%
- Poor: 42%

Increase in capability over time

- Outstanding: 24%
- Mediocre: 33%
- Poor: 43%
Plan of Session

Our research:

- 6 key issues that arise when a CEO contemplates leading his or her team of leaders
- 6 conditions CEOs can put in place to have great leadership teams
  - 3 Essentials
  - 3 Enablers
- Illustrate through real examples how the challenges can be dealt with effectively

Then, open to exploration with all participants
Challenge 1: Do I want a team?

The first challenge for the CEO is:

- Do I want a team?
- How many teams and what for?
- How do they interrelate?
Four Kinds Of Leadership Teams

- Decision-making team
- Coordinating team
- Consultative team
- Information-sharing (alignment) team
Condition 1: A Real Team

Bounded:
Clear who is—and who is not—on the leadership team
### Examples of Unboundedness

<table>
<thead>
<tr>
<th>Team A</th>
<th>Team B</th>
</tr>
</thead>
<tbody>
<tr>
<td>Actual team size (according to the CEO)</td>
<td>Actual team size (according to the CEO)</td>
</tr>
<tr>
<td>11</td>
<td>5</td>
</tr>
<tr>
<td>Estimates of team size (by individual Members)</td>
<td>Estimates of team size (by individual Members)</td>
</tr>
<tr>
<td>13, 12, 11, 11, 7, 12, 12, 24, 11, 15, 84</td>
<td>5, 5, 7, 8, 9</td>
</tr>
</tbody>
</table>
Condition 1: A Real Team

**Bounded:**
Clear who is—and who is not—on the leadership team

**Stable:**
Membership is kept intact for some period of time

**Interdependent:**
Members share accountability for a common purpose
Creating a Real Leadership Team(s)

The Way Forward:

- Form multiple teams for separate functions (core decision-making, coordinative, information sharing)
- Create interlocking, not hierarchical relations
- Reflect the relationships in the names of the teams
Challenge 2: What’s the purpose of the team?

Why articulating a compelling purpose for a top team is hard:

- Leadership team purpose is not the same as the purpose of organization.
- Leadership team purpose is not just “This is the strategy: execute that.”
- Conceptual task: How do you express the unique added value of this team?
Condition 2: A Compelling Purpose

Clear:
Can imagine what it would look like if we achieved it

Challenging:
A stretch of capability to achieve it, but not impossible

Consequential:
Important impact on the success of the organization and on the lives and work of others
Compelling purpose?
The teams we studied....
A Compelling Purpose

The Way Forward:

- Expressing the unique added value of this team to execute the strategy
  - What decisions? Make it a very short list.
  - Myth: Great top teams deal with strategic issues only
  - Reality: They deal with mission critical issues, including tactical ones
Challenge 3: Who should be on my team?

Why CEOs wind up with the wrong people on the team

- Title does not mean a seat at the table (“All my direct reports”)
- Excessive inclusiveness (representing all areas by giving a seat)
- Huge emotional challenge to remove members
- “Held hostage” by star individual performers
Condition 3: The Right People

A well-composed team

- Members are people who can take an enterprise perspective
- Members have the ability to work collaboratively
- All the “derailers” are removed:
  - those who undermine others
  - bring out the worst in others
  - exhibit a lack of integrity
  - are unable to see others’ perspectives
The Right People

The Way Forward:

- Identify key skills and collaborative capabilities needed for *this team purpose*
- Have the hard conversations
- “Onboard” members with their enterprise and team roles
Summary: The 3 Essentials

Real Team

Right People

The ESSENTIALS

Compelling Direction
Challenge 4: Members think meetings are a waste of time

Why it happens:

- Group is too large, meeting purpose ill-defined
- What’s on the agenda is too much and too trivial
- Process of agenda-setting: “What do you want to talk about?”
- Poorly structured meeting time
Condition 4: Solid Structure

**Right size:**
Keep it small

**Meaningful team tasks:**
The work members do together is vital and connected to the strategy

**Norms of conduct:**
Members understand what must always be done, what must never be done
Outstanding Teams Have Solid Structures

- Right Size
- Meaningful Tasks
- Clear Norms

Outstanding Teams

Outstanding Teams

Outstanding Teams

Poor Teams

Mediocre Teams

Outstanding Teams

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The Way Forward:

- CEO chooses the tasks on the agenda
- Members distribute material in advance for key discussions
- CEO sets norms of preparation
- Leader must model norms; Won’t “take” otherwise
Challenge 5: The group is not productive together

What gets in the way?

- Poorly designed information systems: The “three-inch binder…”
- Rewards that undermine collaboration: Feelings of unfairness or lack of trust
- Working context creates obstacles
  - Poor space
  - Little time
Condition 5: A Supportive Context

Rewards for team excellence

- Rewards do not themselves create collaboration
- They can be a powerful negative; they can divide (status, fairness)

Information:
What data the team needs—in a form they can use

Education:
Training and technical consultation to build expertise

Material resources:
The space, time, and “stuff” for working together on hard decisions
Providing Support Resources to a Leadership Team

The Way Forward:

- Get well-organized data and insist on high-quality staff work to support team decision making
- Pay attention to entire reward package: Status, prestige and image consequences of rewards matter for senior leaders
- Put careful thought into what the team needs for the kind of collaboration you want
Challenge 6: The team is stuck

Signs of the sixth challenge:

- All the other conditions are in place
- CEO sees little or no progress in the kinds of challenges the team can handle together, signs of wheel-spinning
- “But I’m having all my team members coached, why isn’t the team getting faster and better at making decisions together?”
How CEOs Apportion Their Attention

* These scores are relative ranks; it is not possible to score high on all of them.
Condition 6: Expert Team Coaching

The Way Forward:

- Team coaching—as an entity
- Providing coaching and being a participant in the discussion at the same time is often too hard—consider an external coach
- Demand of yourself the same work ethic about leading the team as you would have about every other constituency
The 3 Enablers

- Supportive Context
- Solid Structure
- Team Coaching

The ENABLERS
The Six Conditions

- The ENABLERS
  - Supportive Context
  - Solid Structure

- The ESSENTIALS
  - Compelling Direction
  - Real Team

- TEAM LEADERSHIP
  - Right People
  - Team Coaching
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