

# Senior Leadership Teams: What It Takes to Make Them Great

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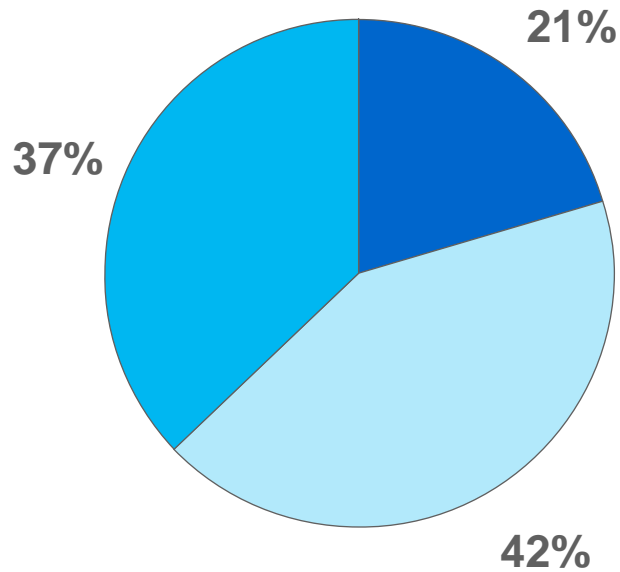
# Introduction

## Welcome!

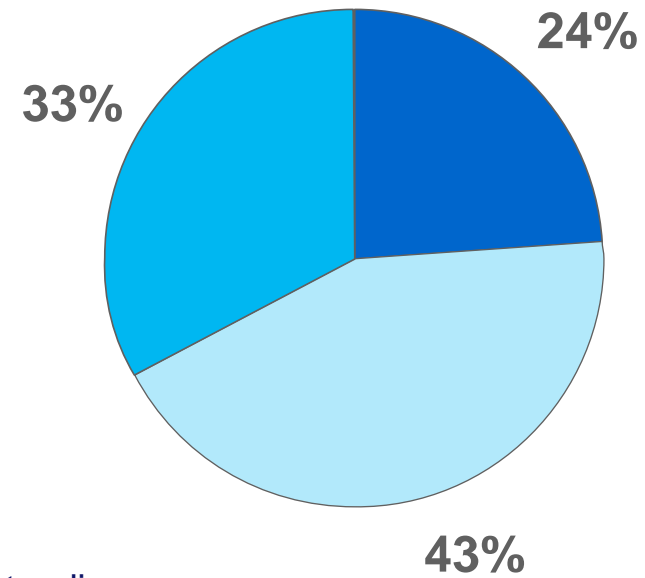
- Dilemma for CEOs:
  - CEO job has become too big for one person, BUT...
  - ...Leading a team of leaders is a very daunting task
- Embarked on a 9-year collaboration of practitioners and academics
- Our focus: How CEOs can draw on the full range of capabilities of their leadership team to
  - Help 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



Increase in capability over time



- Outstanding
- Mediocre
- Poor

# 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

### Team A

Actual team size  
(according to the CEO)

**11**

Estimates of team size  
(by individual Members)

13, 12, 11, 11, 7, 12,  
12, 24, 11, 15, 84

### Team B

Actual team size  
(according to the CEO)

**5**

Estimates of team size  
(by individual Members)

5, 5, 7, 8, 9



## 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:

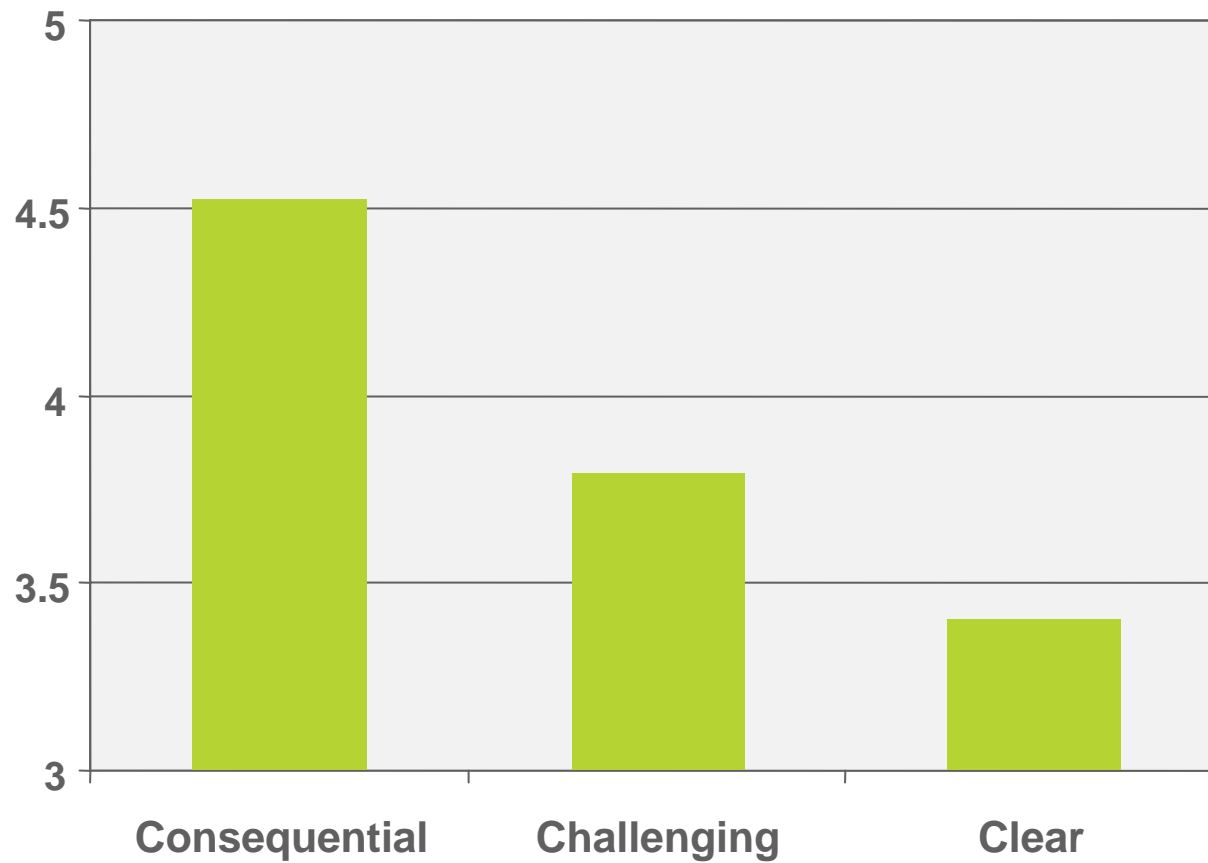
A stretch of capability to achieve it, but not impossible

### 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



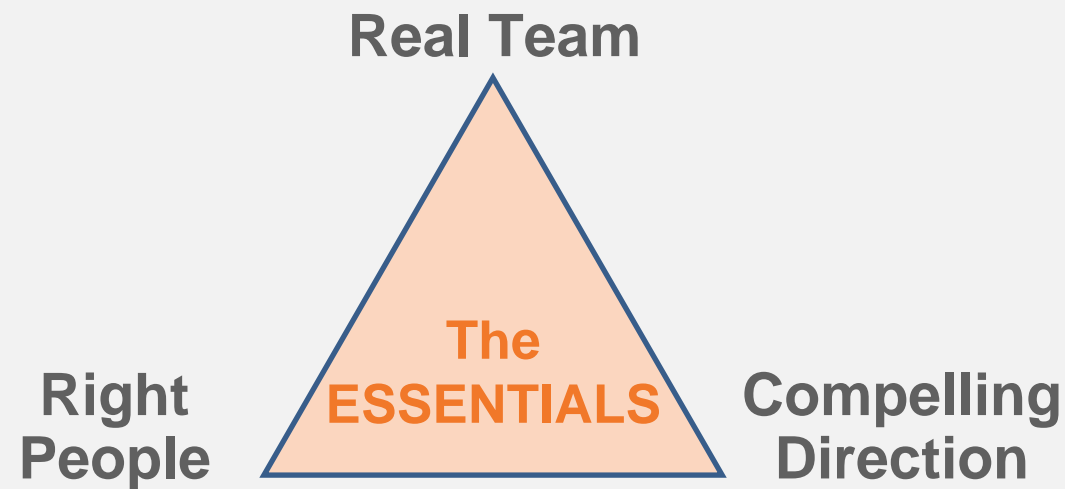


# The Right People

## 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



## 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:

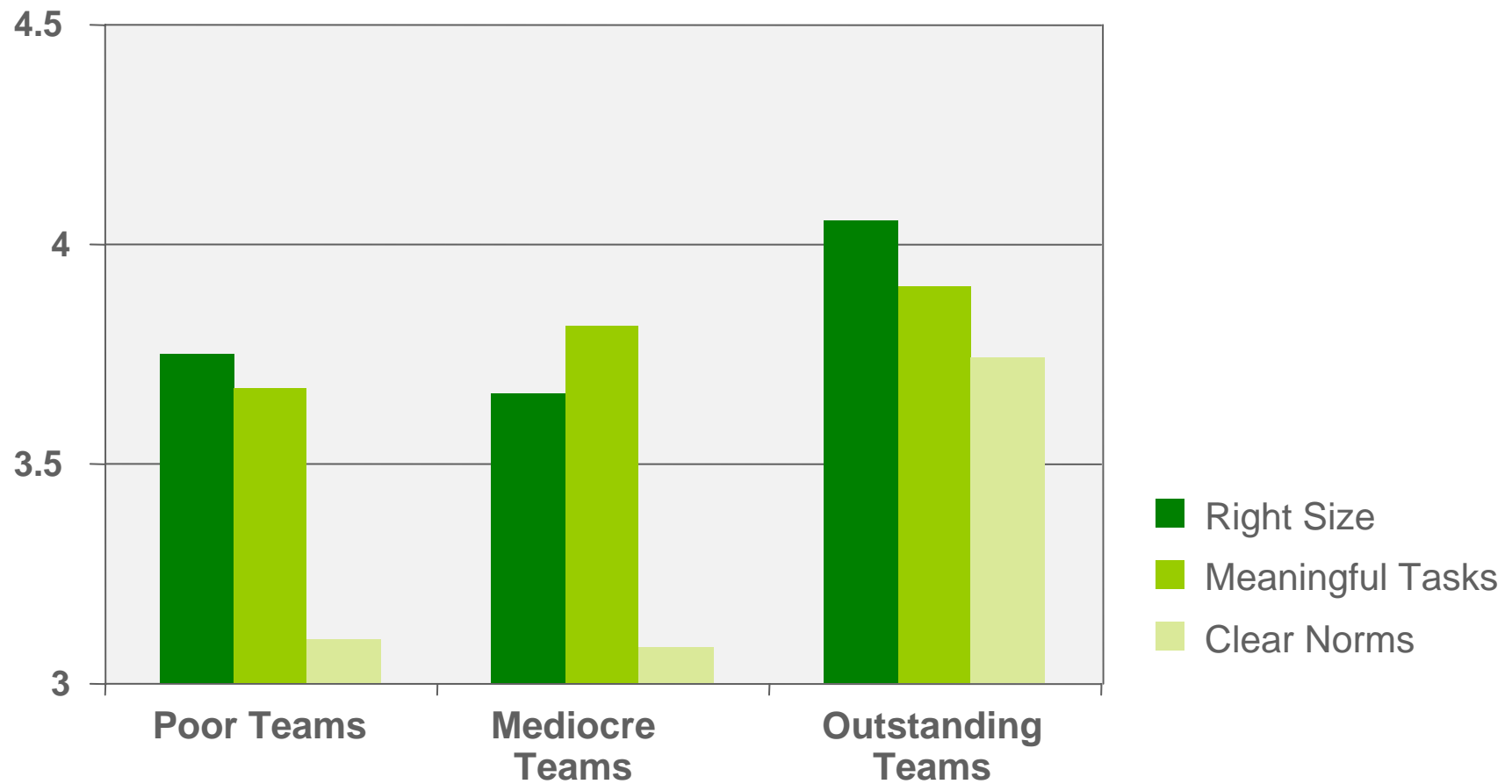
The work members do together is vital and connected to the strategy

### Norms of conduct:

Members understand what must always be done, what must never be done



# Outstanding Teams Have Solid Structures



# Creating a Solid Structure

## 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:

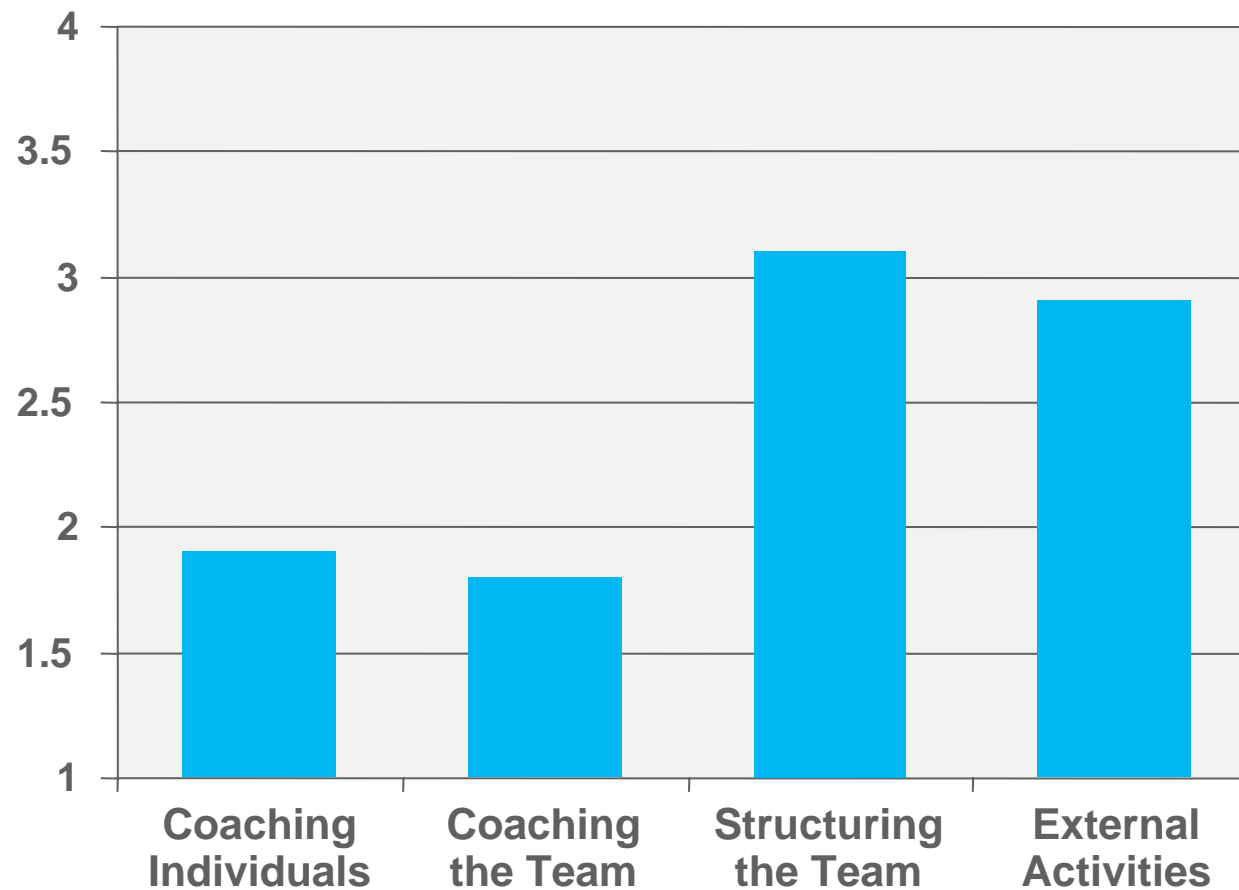
- Get well-organized data and insist on high-quality staff work to support team decision making
- Pay attention to entire reward package: Status, prestige and image consequences of rewards matter for senior leaders
- Put careful thought into what the team needs for the kind of collaboration you want

## 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



■ Leader Focus\*

\* These scores are *relative* ranks; it is not possible to score high on all of them.

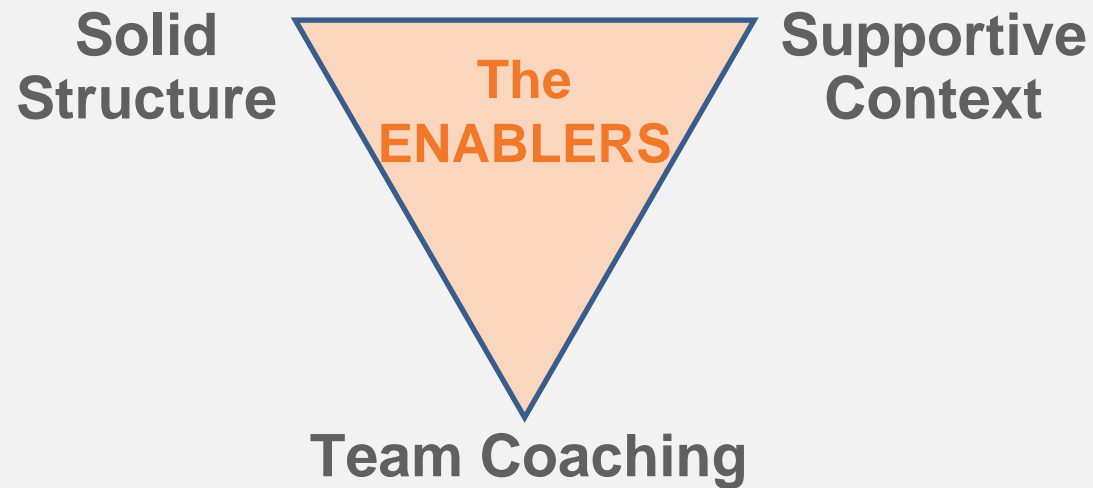
## Condition 6: Expert Team Coaching

### The Way Forward:

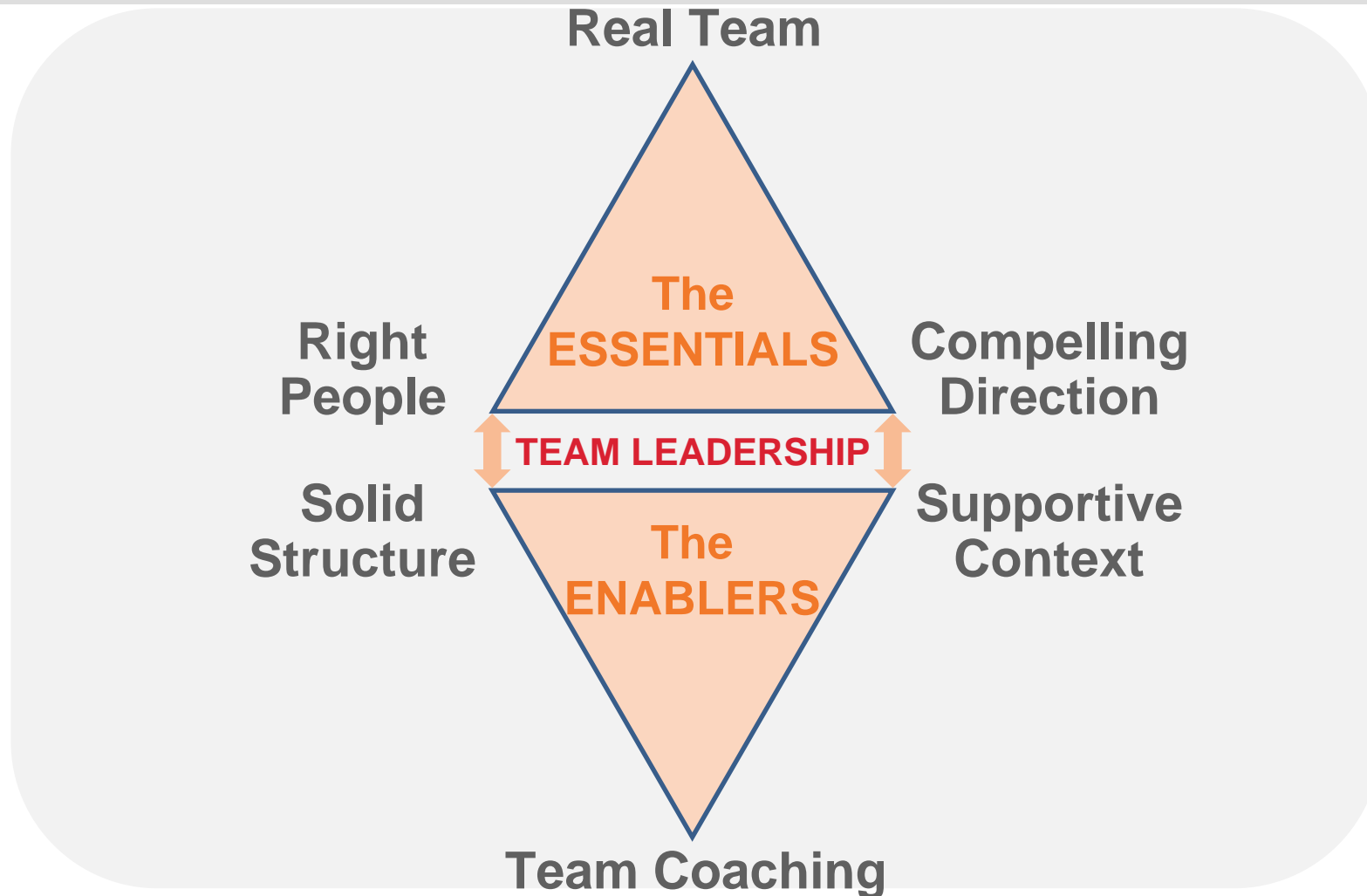
- Team coaching—as an entity
- Providing coaching and being a participant in the discussion at same time is often too hard—consider an external coach
- Demand of yourself the same work ethic about leading the team as you would have about every other constituency



# The 3 Enablers



# The Six Conditions





HBS Press,  
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