Leadership has generally been portrayed in early theories from a one-dimensional, ver- tical perspective, with the leader at the top and followers below. This chapter will examine the more horizontal structure of teams, which are designed as collaborative and egalitarian. It will cover when and how teamwork can be used effectively in organiza- tions, how teams form, and what the differences are between types of teams that scholars have identified. A large component of this chapter explains how the role of leadership changes with a team, given the different structures, and how leaders can develop effec- tive teams. Team leaders’ responsibilities differ with their roles on teams, but still play a critical role. Finally, because teams—and leaders—are often instruments of change, the chapter discusses the management of broad-based organizational change. Many of the skills needed for leading teams transfer to managing the large-scale change process. As you read, consider how you can apply the concepts here to your own team situations.

5.1 Leading and Managing Teams After several years as the fourth CEO of the William Wrigley Jr. Company, Bill Wrigley Jr. II realized he needed help. The century-old Chicago-based candy corporation had grown more complex since a 2005 acquisition, global expansion, and increasing interna- tional operational demands. Wrigley decided that the company’s traditional centralized management system under family-member CEOs needed to change if the company was going to innovate and think outside the box. Wrigley reached out to veteran executive Bill Perez for help, hiring Perez to succeed him as president and CEO—the first person outside the Wrigley family to hold this position since the company was founded in 1911. Perez brought over 30 years’ experience with the privately held global consumer-products company S. C. Johnson and Son—including 8 years as its president and CEO—as well as a 14-month stint as executive chairman of Nike. At Nike, Perez had attempted to colead the shoe company with founder and ex-CEO Phil Knight, who second-guessed all of Perez’s actions and disliked Perez’s cost-cutting mea- sures. At Wrigley, Perez would be part of a similar management team—Wrigley stayed on with the company—but things would be different this time. According to Duke Petrovich, the chief administrative officer and a Wrigley veteran since 1975, Wrigley spent consider- able time with Perez discussing management philosophy, the company’s organizational culture, and expectations for how the partnership would work: “What would happen if they disagreed on an acquisition? Who would have the ultimate approval? To whom should the senior executives report?” (Carter, 2007) The company brought in a consulting firm to run the pair through scenarios. Perez called Starbucks CEO James Donald to discover the secret to his success in working with How- ard Schultz, founder and chairman of Starbucks Corporation. Donald’s answer was to make sure that information flowed easily and constantly between Perez and Wrigley. Bill W. and Bill P., as they were known to Wrigley employees, worked as a team. Perez man- aged the day-to-day operations and finances, while Wrigley focused on long-term strat- egy and culture. Together, their output was far greater than their individual contributions. In 2008, Mars bought Wrigley Co. for $23 billion (Mars, Incorporated, 2008). Bill W. and Bill P. were the top two team leaders of the Wrigley Company before it was sold to Mars. A **team** is an organized group of several members who share a common goal, work interdependently, and coordinate efforts to accomplish desired objectives (Larson & LaFasto, 1989). In the example of the Wrigley candy company, that goal was the success and growth of the company. As we saw in the Wrigley example, teams are formed when leaders recognize—as the saying goes—that two heads are better than one and a more col- laborative effort will yield better results. Teams can vary in size and scope and can occur at all levels of the organization. A team can describe anything from a small group of executives who lead a corporation to smaller groups that are formed around a specific task and dissolved upon completion. A manager may assign two employees to a team to complete a small project together or a CEO may create an interdepartmental team to evaluate the efficiency of communication processes. Teams generally consist of several members, up to 12 or even more, although the number changes depending on the type of assignment, composition and skills of members, loca- tion of members, and duration of the work. Regardless, a team is created around a common purpose—usually with the intent of meet-ing some organizational goal—so individuals work together toward a positive outcome. Like a vision, this goal keeps the team focused and provides clear parameters in which work should be completed. In an organization, teams are formed for a variety of rea-sons: to form strategy, solve problems, manage projects, take on specific tasks, improve a process, or create a product (Sunstrom, DeMeuse, & Futrell, 1990). As mentioned in Chapter 4, the potential for crises often requires the creation of interdepartmental teams that assess the company and its environment, plan for crises, and implement those crisis- mitigation plans. Teams can be led by a formal leader or through a particular division of labor across team members. This distribution of leadership responsibilities is called **team leadership capac- ity** (Day, Gronn, & Salas, 2004), with *capacity* referring to the potential for such leadership to fulfill those responsibilities. Unlike in traditional organizations, where managers make all of the decisions, these teams ensure their effectiveness through shared responsibil- ity (Hawkins & Tolzin, 2002). One of the most visible examples of this is a company’s traditional executive team, shown in Figure 5.1: the so-called C-suite (referring to the three-letter initials starting with C and ending with O). The chief executive officer, or CEO, leads a group of top-level officers, often including a chief financial officer, a chief opera- tions officer, a chief information officer, and a head of human resources. Each individual has his or her own specialization and brings something different to the table, and together they work to establish and implement company vision, mission, values, and strategy. While the CEO directs this team, all partake in the decision-making process. Even in cases of distributed leadership, it is important to designate a leader who is ultimately responsi- ble for delegation and the team eventually achieving its goals. Ideally, team members will agree on both the goals and the intermediate steps, but at times, consensus isn’t possible, and decisions still need to be made. Teams also form in the lower levels of an organization and translate the high-level goals and objectives developed by the C-suite into more specific projects. The nature and types of teams depend on the organization. For example, one of Texas Instruments’ chip factories has its own levels and teams. First, there is a top-level executive team tasked with managing the overall operations and strategic direction of the plant. This team includes the plant manager and department heads of finance, engineering, human resources, and manufacturing. Second, there are three lower-level teams created to address specific issues. One “corrective-action” team works on solving short-term problems, another focuses on improving product quality over the long term, and the last examines the effect of day-to-day production (Dumaine, 1990). The work of these teams combines to ensure that TI is working to the best of its ability by developing long-term strategies while evaluating and improving operations across immediate and midrange time frames. As may be evident, the composition of a team can vary, but this variation can be impor- tant. Team members often depend on one another for information or resources, and often certain roles must be filled so the team can meet its goals. Consider how a company might be hindered if the executive team did not have someone to oversee or bring insight to finances (CFO) or hiring talent (HR), or if the CEO decided he or she needed a panel of 50 people to make everyday decisions. The importance of team composition can also be seen at a book-publishing company. The produc- tion of any book will likely involve an interde- partmental team: editor, copy editor, cover artist, book designer, and marketer. The team’s goal is to produce the best possible version of the book within a given time frame. Consider what would happen if there were no cover artist or copy edi- tor. Each team member contributes specialized skills and knowledge, such as the types of cov- ers that may appeal to readers of historical fiction or ways to sell a book for teenage girls to large retailers such as Barnes & Noble or Wal-Mart. However, they are all working toward a shared goal and must interact regularly to complete their tasks. These team members join the project with diverse, and ideally complementary, expertise and improve the quality of the final product, and their work is interdependent. What teams have you been a part of? What role did you play? Take the assessment at http://www.interlinktc.com/public\_html/ami.html to see if you are a team player. What does your score indicate about your interests, ability, and developmental needs with regard to being a team member? **Teams versus Groups** Teams have been described as groups, which are simply collections of people working together. However, not all groups are teams. There are those who argue that, in the real world, teams and groups overlap and are more similar than different. It is possible that some groups can become teams, but as shown in Table 5.1, the two technically differ in structure, intent, and function. Teams rely less on a hierarchical structure and more on an open and equal exchange of ideas and expertise. Leadership is often shared or might rotate among team members—who might come from all parts of an organization—and leaders rely more on **social skills** (skills facilitating interaction and communication) and trust to ensure that shared responsibilities are met. Also, teams often set their own perfor- mance goals and collaborate closely to produce a collective work product. Groups, on the other hand, function in much the opposite way. Groups often have strong, designated leaders who have a formal relationship with followers and can use influence tactics based on their positions. The structure is much less flexible and egalitarian, and the emphasis is on individual contributions, delegation, and connection to an organiza-tional vision. At Texas Instruments, the finance, human-resources, and manufacturing departments are all separate groups with their own hierarchies, roles, and distribution of responsibilities. The leaders of these groups are part of an executive team that manages a plant.

Table 5.1 Differences Between Groups and Teams **Groups Teams** Designated, strong leader Shared or rotated leadership roles Individual accountability Mutual and individual accountability toward each other Identical purpose for group and organizationSpecific team vision or purpose Performance goals set by others Performance goals set internally Work within organizational boundariesNot inhibited by organizational boundaries Individual work products Collective work products Organized meetings and delegation Mutual feedback, open-ended discussions, and active problem solving *Source: “The Discipline of Teams,” by J. R. Katzenbach, and D. K. Smith, 1995,* Harvard Business Review*, 71(2), pp. 111–112. Used by permission.* Depending on the complexity of the work, either a group or a team may provide a bet-ter option than the other for meeting a goal. For straightforward tasks, groups are usually enough. Why complicate a simple situation by trying to build a cohesive team, which takes time and effort? For highly complex, interdepartmental projects, however, teams may be a better fit. In these cases, working within a hierarchy can be onerous and time consuming. One employee may want input from another in a separate department, and following proper channels of communication means contacting a manager, who contacts an equivalent man-ager in another department, who then asks an employee—and then the response follows the same route in reverse. It would be far simpler to flatten the hierarchy (remove layers of structure) and simply work across groups in a team, especially if regular feedback is helpful. 3M encountered this situation in their research-and-development department. In a hier-archical group arrangement of the department, a manager told employees what to make. Researchers would create a mock-up and forward the design to sales for feedback and then the design would be given to manufacturing for implementation (Dumaine, 1990). With-out input from manufacturing, however, designs could have severe flaws, and the result-ing communication delays between departments held up production. In this case, creating interdepartmental product development teams makes more sense. A researcher can hone designs based on the realities of manufacturing at a mass scale, and sales and marketing can both impact the design based on client concerns and competition reports. In contrast, 3M’s human-resources department may work perfectly well as a structured group, with certain employees who manage benefits and others who run professional-development workshops.

CHAPTER 5 **Section 5.1 Leading and Managing T eams Advantages and Disadvantages of Teams**

There are a number of advantages when working within a team, as compared to work-ing alone or in a group. Teams are often characterized as achieving high performance levels through close collaboration (Daft, 2011). In the example of Wrigley, the CEO and the executive chairman were able to complement one another’s skills and produce a bet-ter result than if they had been working separately. This idea is called **synergy**—when the sum is greater than the component parts. Teamwork creates a situation where this is possible. When members collaborate, their discussions deepen the pool of knowledge available to each individual member. This can lead to more creative solutions to prob-lems and also act as a vetting mechanism: FedEx has been successful in using teams in its back-office operations in Memphis, Tennessee. The company organized its 1,000 clerical workers into teams of five to 10 people, and trained them how to manage themselves. “With the help of its teams, the company cut service glitches, such as incorrect bills and lost packages, by 13% in 1989. At a weekly meeting, a team of Federal Express clerks spotted—and eventually solved—a billing problem that was costing the company $2.1 million a year” (Dumaine, 1990). Team members can evaluate new proposals and find ways to implement them, and they can also strike down unrealistic solutions before attempting them, saving time and resources. Team members build on one another’s talents and ultimately develop a bet- ter, more comprehensive strategy. As members help each other through ideas, the team is likely to make better decisions as a unit and avoid unwanted disruptions, delays, and surprise problems. When 3M’s research-and-development department moved away from its traditional hierarchical model to interdepartmental product-development teams, effi- ciency improved and new product offerings tripled from one division (Dumaine, 1990). Also, because of the egalitarian nature of teams, team members are often compelled to push one another—as well as themselves—to work towards continuous improvement and innovation. In teams, member bear an equal share in success, and members who feel responsible for each other are more likely to become motivated to perform to the best of their abilities. In addition to practical advantages, teamwork often leads to greater job satisfaction (Lussier & Christopher, 2006), which in turn correlates with positive organi- zational outcomes. As team members build trust and work collaboratively, they see the team as a greater social unit that is able to meet larger goals (Batt, 2004) and feel more than monetary fulfillment from their work. However, despite these advantages, we have already observed that teams are not appro- priate for all situations. Building a team that works well together takes time, which can be counterproductive if the task or problem in question is simple. Other disadvantages can stem from the leader’s failure to set the appropriate tone when building the team. One commonly cited problem with teams is that members can sometimes feel pressured to conform to group standards of conduct and performance (Lussier & Christopher, 2006). A related concept is called **groupthink**. Groupthink occurs when team members, in their search for unanimity, fail to think critically and instead rush into faulty decisions. The team often stops brainstorming and evaluating new ideas and instead hurries to build consen- sus, adopt a decision, and move on. This usually happens when a majority accepts one viewpoint and the minority goes along to avoid conflict. Groupthink becomes a serious issue when it becomes the team norm. To mitigate problems with peer pressure and groupthink, leaders need to encour- age team members to raise alternate view- points, even if it results in dissent, and continuously create opportunities for individual team members to participate in the decision-making process. Another issue with teams is a phe-nomenon known as **social loafing**, the tendency of individuals to invest less effort when working as part of a team or group. This situation often arises in school group projects: One student does less work than the others but receives the same grade as the rest of the group. What happens in an organization if two people complete almost all of the work and a third rarely attends meetings and contributes little to a product’s development? One method of mitigating the risk of social loafing is to set up performance reviews so that each team member evaluates contributions by others, in effect separating individual contributions from the group’s complete effort. While the team must work together on a task, promotions and evaluation are conducted separately and are based in part on individual effort and performance as part of the team, so the team’s success is separated from individual rewards. The role of leadership in teams will be discussed in further detail in the next section.