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How Leaders Build — and Impact — High-Performing Teams

Strong leadership capabilities, good communication skills, and a willingness to foster an environment of collaboration and openness correlate to higher ROI.

EXECUTIVE SUMMARY

High-performing teams can provide businesses with a significant competitive advantage and function as an engine of innovation within the organization. Building and sustaining such a team requires strong leadership capabilities, good communication skills and a willingness to foster an environment of collaboration and openness. Working with *Inc. Magazine*, Bank of America Merrill Lynch explores the payoffs associated with high-performing teams, including significantly higher ROI, greater productivity and higher retention rates of key employees.

INTRODUCTION: THE WHOLE IS GREATER THAN THE SUM OF ITS PARTS

Well-integrated, high-performing teams aptly illustrate the concept of a whole being greater than the sum of its parts. Such teams typically share several distinguishing characteristics, including effective decision-making, conflict resolution practices that focus on positive outcomes, skill at recognizing and correcting errors, and a culture of mutual support. In the best cases, the team has taken over most of the routine tasks of leadership, suggests Stephen Balzac, a professor of psychology at Wentworth Institute of Technology, president of management consulting firm 7 Steps Ahead, and author of *The 36-Hour Course on Organizational Development*. "Members, including the leader, have been working together for at least five to six months, usually longer, and there is a balance between the needs of the team and the needs of the individual," he says.

High-performing teams share a belief in and passion about their core mission and tasks, and they are characterized by diverse knowledge and skill sets. "They work very hard but still like to have fun," says Allan R. Cohen, the Edward A. Madden Distinguished Professor of Global Leadership at Babson College and co-author of *Influencing Up*. "Members will confront other team members if their performance is less than stellar, but they'll also go out of their way to support fellow members and help them be more effective," he says. "They share a belief in the high quality of their colleagues, and success strengthens that mutual admiration, although that is an outcome, not a cause, of high performance."

TEAM MEMBER TRAITS

Teams are most likely to become high-performing units when members share a common set of values, says Kenneth R. Thompson, senior editor of the *Journal of Leadership and Organizational Studies*, co-author of *It's My Company Too! How Entangled Companies Move Beyond Employee Engagement for Remarkable Results*, and a professor and former chair of management at DePaul University. The best candidates to become members of such teams share what are called the "Big 5 Traits" in organizational research circles: conscientiousness, emotional stability, agreeableness, extraversion, and openness to experience, (i.e., flexibility and a willingness to try new things).

"However, we would also add personal integrity to those five traits, because personal integrity builds trust — which is essential in a team setting — and credibility," Thompson says. "We have found that shared leadership within high-performing teams helps to reinforce individual integrity and credibility, which lead to the sustainability of the team, even when someone is promoted to greater opportunities elsewhere."

Maril MacDonald, CEO of Gagen MacDonald, a consulting firm focused on internal communications, leadership development, and culture change, stresses that it is critical for leaders to be "very strategic" when selecting members for high-performing teams. "Including members with different backgrounds, opinions, and work styles can often produce the most fruitful results, but there are some overall qualities to look for that will help you build the most effective team," she says. Among them are passion for purpose and commitment, high integrity, competency and capability, creativity and innovation, a sense of humor, perseverance, excellent communication skills, intellectual curiosity, reliability and strong follow-through, and collaboration.

THE LEADER'S ROLE

The role of the leader is crucial in building a high-performing team because leaders set the tone, attitude, and culture for the team. "Leaders must establish clarity and then hold people accountable," says Lee Ellis, president of Leadership Freedom, a leadership and team development consulting and coaching firm, and author of *Leading with Honor: Leadership Lessons from the Hanoi Hilton*. "It's up to the leader to provide examples of what is and is not okay."

Strong leaders acknowledge and honor their own leadership style, managing others from a place that is authentic to their natural temperament, posits Devora Zack, author of *Managing for People Who Hate Managing* and CEO of Only Connect Consulting. "By accepting and honoring their own natural style, rather than attempting to emulate others with fundamentally different approaches to leadership, they are able to lead from a place of strength," she says. "They then set about establishing high-performing teams by maximizing the impact of each member's specific contributions through a heightened awareness and understanding of participants' abilities and drivers."

Leaders provide both the inspiration and information to engage all team members in delivering on goals and serve as a role model for how they should deliver on them. They identify rules of engagement and make sure that team members model those values, MacDonald adds. "The leader also plays a key role in team selection, recognizing those team members who are a fit not only in competency, but in the qualities essential to effective teamwork and in demonstrating the values," she says. In setting the tone, the leader also creates an environment for open, honest communication and facilitates dialogue that encourages team members to raise questions, express individual points of view, and share feedback.

THE CHANGING CHARACTER OF LEADERSHIP

Job one for would-be leaders of high-performing teams is staffing, and those decisions are far-reaching and potentially difficult to correct. However, the leader's role may change over the life cycle of a high-performing team, argues Todd Dewett, an executive coach, motivational speaker, professor of management at Wright State University, and author *The Little Black Book of Leadership*. Within a given project, the leader's role is different after the midpoint of the project, where most key decisions have been made. "Before, there is a higher daily involvement in clarifying roles, providing direction, and assisting with the initial work," he says. "After the midpoint, the leader moves more towards an external focus as the group moves from decision-making to execution. Across projects over time, the average amount of time the leader spends with the team declines as the team members' comfort level and expertise grows and they become more self-managing." As the process takes place, the leader retains a role as "chief cheerleader," but his or her focus shifts to longer-term issues around talent management, possibly including the need to develop a succession plan.

However, other experts believe the need for leadership involvement at a granular level often remains strong. Models of team performance reveal that teams go through a cyclical process in which everyday activities are punctuated by key events, both internal (such as team members getting sick) and external (the team loses a key client), says Angelo Kinicki, a professor and holder of the Weatherup/ Overby Chair of Leadership at Arizona State University's W.P. Carey School of Business. "This means that a team leader's role is constantly changing because what the team needs may be changing," he points out. "It is naïve to think that a leader can just let a team do what it wants, (i.e., laissez faire leadership) once the team is established and working toward goals.

Dale Hamby, associate vice president for university centers at Harrisburg University of Science and Technology, knows firsthand the powerful ongoing impact a leader can have on high-performing teams. "The leader establishes the framework for the team, creating an environment that draws the best out of people. For a short period, I was part of a low-performing team, and its performance was the direct result of the leader's demeaning attitude and his bullying of team members," Hamby relates. "When a new leader took over, the team quickly transformed into a much higher-performing team. The leader needs to bring vision, candor, humor, and the ability to listen."

KEY ATTRIBUTES OF INSPIRATIONAL LEADERSHIP

Ability to define and communicate vision

There is a saying that people will work for a paycheck but die for a cause, and that best captures the power of vision in engaging team members, MacDonald avers. The role of the leader in both defining and communicating that vision is essential to launching a team on its mission, but it is equally important in ensuring that the vision stays top-of-mind to inspire team members—especially when they face challenges and obstacles. "Continually communicating the team's vision, reinforcing progress, tackling obstacles against goals, and providing coaching and feedback are essential to sustaining a high-performing team," she says.

Without a clear vision, it is nearly impossible to build a team that will embrace the mission and become fully engaged, Hamby agrees, and the leader must continually return to the vision in order to sustain momentum. "As a team gets into the weeds of a project, it can sometimes lose focus and head off in less than optimal directions. Ensuring that a clear vision is always present helps to stem such wandering and keep the team moving forward," he says.

Willingness to reveal inner self to team members

In their classic text *The Leadership Challenge*, authors James Kouzes and Barry Posner identify five practices of exemplary leaders, and the first is "model the way." Modeling the way means "being honest with oneself and with others to the point of revealing certain aspects of the inner self," explains Ray Benedetto, a co-author of It's *My Company Too!* and founder of GuideStar, a consulting firm that helps leaders build high-performing, character-based cultures. "But what constitutes the inner self, and just how far should one go in revealing it?"

A leader's core values and assumptions reside in core beliefs, and they guide his or her behaviors and actions and influence the actions of others. "In this case, actions really do speak louder than words, revealing more about the inner self than some might like to admit," Benedetto says. Leaders within high-performing organizations understand their first priority is to build trust with those around them, and revealing oneself to others is much easier when everyone is operating from the same core set of values. "Leaders of high-performing teams show humility by admitting they do not have all the answers, evoking and appreciating the ideas and strengths of others—through which everyone gains—and sharing and readily giving credit to others for team success," he says. "This respect for others is a fundamental element for building trust."

Effective use of communication

Communication is the glue that holds a team together and keeps members focused in the same direction. "It circles back to clarity," Ellis says. "Without good communication, you don't have clarity." Initially, communications are leader-centered, with the leader involved in every discussion and making the decisions, Balzac says, but the leader needs to guide the team to a more decentralized communication process, where members are involved as needed and decisions can be made without the leader present. "Over time, the majority of the content of communications should become highly task-focused. Team members also need to support one another with a focus on success, competence, and helping."

Communication behaviors such as enquiry and advocacy may play a role in generating innovation and building support amongst team members, but leaders need to be cautious with this approach. Members of high-performing teams are generally more comfortable with risk than members of average-performing teams, so the challenge for the leader is shaping and structuring the team's efforts to make the risks as "smart, educational, and profitable as possible," Dewett says. "The leader must play the role of risk collaborator, working with the team to identify the risks that might pose the highest overall return." Hamby notes that a potential downside of enquiry and advocacy can be a detrimental effect on the team if a solution advocated by elements of the team is subsequently rejected by the group as a whole.

Problem resolution

No matter how high-performing a team may be, there are likely to be times when an individual team member's performance becomes an issue. When that happens, it is critical that the leader deal with the issue directly and effectively. Get the data and details straight so you have evidence, then meet with the member to clarify expectations and ask why they are not being met, Ellis advises. "Explain to the member what is required, provide coaching if needed, and lay out the consequences if performance does not improve," he says. It's important to hold the member accountable by following through with the consequences if performance does not improve, he adds. "Be respectful and discreet throughout the process — caring and tough, firm and fair."

CONCLUSION

Asking about the advantages a high-performing team offers an organization "is a lot like asking about the advantages of an Olympic athlete over the casual hobbyist," Balzac quips. "A high-performance team can dispatch a routine task faster than you can assemble an ad hoc team to deal with the same task, and the ROI of a high-performance team is anywhere from 10 to 100 times that of lower-performing teams. Surgical teams save more lives. Product teams produce higher-quality output with less failure work. Customer-service teams have dramatically higher client satisfaction and retention rates. The list goes on and on."

High-performance teams fuel innovation, customer satisfaction, quality, individual team-member engagement, and viability, Kinicki says. High-performance teams also create distinct competitive advantages for their companies by demonstrating mindfulness in the areas of flexibility, sensitivity to operations, and deference to expertise, Benedetto adds.

As Zack sums it up, "The most significant advantage a high-performing team offers an organization is that it is, well, high-performing! That means the organization benefits from motivated, energized individuals well-positioned to propel the larger structure towards innovative, effective solutions to challenges facing their industry. As a bonus, high performance correlates with high job satisfaction, thus increasing retention and lowering turnover costs."

Best Practices for Building and Sustaining High-Performing Teams

- Integrate high-performing team qualities and competencies into all HR functions.

- Hire good people on the front end, develop them, and weed out those you cannot develop.

- Adopt an intentional approach to training focused on leadership development.

- Cultivate superior communication skills and utilize them consistently.

- Foster an atmosphere that values collaboration over competition.

- Use team-building exercises that are free-form, fun, intellectually stimulating, and emphasize interpersonal connection and interaction.

- Incorporate rewards and recognition programs as incentives to keep high-performing teams functioning at optimal levels.

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