

# Developing Executive Teams

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PEAK DEVELOPMENT CONSULTING, LLC.

## KEY FINDINGS

**86% of participants** found “working together on organization wide objectives” to be the most effective method for developing an executive team.

**The top 3 barriers** to developing an executive team: individuals pursuing functional goals (rather than organizational goals), egos, and lack of time.

**The top 3 accelerators** for developing an executive team: having a common, measurable set of goals, transparency/openness, and the endorsement and support of the senior leader.

**Of the behaviors** posited as important for senior leaders in the executive team development process, 4 received over 90% agreement: “play an active role in the ongoing development of the team,” “model team behavior,” “be aware of how his/her positional power impacts the team’s development,” and “help members recognize their dual responsibility of leading their functional area and the organization.”

**Of the behaviors** posited as important for team members in the executive team development process, 4 received over 90% agreement: “be open to their own learning,” “commit to resolving issues in an open and direct manner,” “share responsibility for the team’s development,” and “model team behavior.”

**84% of participants** found the largest barrier to building trust among executive team members was that “members do not operate in a transparent fashion.”

**The 3 most common** measures for the success of an executive team development effort: “improved collaboration among team members,” “improved organizational performance,” and “improved communication among team members,” all receiving over 80% agreement.

**60% of participants** believe that an external consultant is the best person to facilitate executive team development initiatives.

**While only 27% of participants** measure the success of an executive team development effort by “less conflict among team members,” 63% measure success by “more productive conflict among team members.”

# Developing Executive Teams

*by Mindy L. Hall, Ph.D.*

*“Teamwork is not a virtue. It is a choice.”*

—Patrick Lencioni<sup>1</sup>

The tension between team and individual performance is not reserved for the executive boardroom; it is a phenomenon that starts much earlier and remains with us throughout our lives. All around us, we see clear examples of the whole being greater than the sum of its parts: championship sports teams, world-class orchestras, even many of our leading companies. Much of the reward and recognition, however, goes to individual performers: to the star quarterback, the maestro, or the charismatic entrepreneur.

Unlike a sports team or an orchestra, though, senior executive teams neither require constant teamwork nor meet regularly to rehearse and refine this behavior. Typically, these groups are comprised of individuals who have ascended through the ranks of their functional areas to positions of influence. Along the way, the majority of reward structures and recognition opportunities were geared toward their individual achievement. Now, as the heads of their respective functions, they are held individually accountable for performance, and must demonstrate strong individual leadership to marshal the resources at their disposal. At the same time, however, they are being asked to take on new roles, serving as members of highly visible teams and looking beyond their functional areas to become organizational leaders. The stakes are high, and there is often no formal induction to the tricky balance of expectations with which they are met; as talented, senior leaders, they are expected to hit the ground running. Is it any wonder that many revert to the behavior that got them to the top in the first place—to individual leadership and functional results?

Adding to this are the significant demands on executives' time, the pressures of managing a high-performing organization, and dimensions of power and ego. It is therefore no surprise that many CEOs and team members are left feeling that their team could be performing at a higher level, but have little idea of how to get there.

<sup>1</sup> Lencioni, P. (2006, January). “Thought Leaders: Patrick Lencioni on The Five Dysfunctions of a Team.” *HR.com* [On-line]. Available: [www.hr.com](http://www.hr.com).

Recognizing the need for more practical information (as opposed to theory) on this topic, Peak Development undertook an independent research study to understand real-world experience with:

- Effective methods for developing executive teams;
- Barriers and accelerators in the development process; and
- The roles presidents/CEOs, team members, and facilitators play in shaping executive teams.

The research methodology began with a comprehensive literature review, as well as interviews with senior business leaders to inform the study design. In early 2006, a web-based survey was conducted, collecting data from approximately 100 leaders across the globe with first-hand knowledge of executive team development. Responses spanned four continents, and reflect a high degree of experience: most participants have worked on or with executive teams for 10 years or more, and almost 75% are currently a senior leader or member of an executive team.

While one size does not fit all and each executive team must decide for themselves what will best meet their needs, the responses from these seasoned executives clearly indicate which methods have proven most effective in their experience. As with all development, the process begins the moment the need is acknowledged.

## THE DECISION TO DEVELOP

*“Why then is there such a constant demand from senior managers for ‘teambuilding’? I’ve come to believe that what these managers want is for the people who report to them to take the needs of the whole ahead of the needs of their own departments. I’ve found that in many management ‘teams,’ if you dig into their mental maps, this is what ‘teamwork’ really means.”* —Gervase Bushe<sup>2</sup>

### Operating as a Team

When leaders first approach me to explore the possibility of executive team development, the first inquiry often centers on the possibility of a 1–2 day off-site meeting. Perhaps they have experienced some of the largest barriers to developing an executive team (Table 1), and are seeking an efficient, expedient method for addressing them. As the classic “teambuilding workshop” approach is often successfully employed at lower levels in the organization—and is likely an approach with which the leader has some experience and comfort—it is assumed that this approach will return a similar result at the executive level. However, leaders are frequently surprised when one of my first questions is

whether the executives want or need to be a team to accomplish their goals. While it is a simple question, it often helps leaders clarify their thinking on what they mean when they talk about teamwork.

*Largest barriers to developing an executive team*

TABLE I

1. Individuals pursuing functional goals (as opposed to organizational goals)
2. (tie) Egos
2. (tie) Lack of time
4. Politics/hidden agendas
5. Lack of trust
6. (tie) Communication issues
6. (tie) Team is not open to change
8. Lack of personal relationships among team members

When people think of teams—especially executive teams—their thoughts are often based on several assumptions. Jon Katzenbach, a foundational thinker on executive teams, challenges leaders to consider these preconceptions of what constitutes an executive team:

When we think of a team at the top made up only of the CEO’s direct reports, we presume that all companies have one, for better or worse. We also presume that this senior group of executives can function together only in one of two fundamental ways: as a hierarchical group or as a collaborative team.<sup>3</sup>

Instead, he asks leaders to:

Picture a flexible group that functions in different modes of group behavior and composition—rather than “all of the CEO’s direct reports,” who must either function as a team or not.<sup>4</sup>

With this mindset, teams may discover that executive-level teamwork may be more situational than constant.

The reality is that most senior leadership interactions are not real team opportunities and do not warrant the application of team discipline.

Team efforts at the top make sense only part of the time.<sup>5</sup>

The freedom to choose when to coalesce as a team and how best to structure the group at any given moment offers tremendous flexibility, and allows the team to consciously exercise its abilities. This may lead some executive teams to decide that, rather than a classic “teambuilding” approach, it is better to develop the ability to recognize which opportunities are best served by operating as a team.

3 Katzenbach, J. R. (1998). *Teams at the Top: Unleashing the Power of Both Team and Individual Leaders*. Boston: Harvard Business School Press. p. 5.

4 Katzenbach, p. 6.

5 Katzenbach, p. 10.

## Team Functioning

For those executive groups which find value in functioning as a team (whether all or part of the time), the question then becomes, “What do you hope to achieve by focusing on the team’s development?” At this stage, it is helpful for team members both to assess where they are starting from and begin identifying where they want to go.

When assessing the current state, teams should consider the following questions:

- What is the culture of the team? Of the organization? Do they reinforce one another?
- How is the senior leader perceived among team members? In the organization? Is he/she experienced as genuine? Trustworthy? Open to his/her own learning?
- How do team members communicate with one another? Are there issues that are considered “taboo”? If so, what are they?
- How would you characterize the tone of team meetings?
- What is the vision of leadership in your organization? Do team members exemplify that vision?
- What is the organization’s perception of the senior team? Is the team seen as capable? Unified? Receptive? Arrogant? Open?
- How does the team make decisions?
- How does the team handle conflict?

It is certainly possible for team members to reflect on these questions individually, however, there is value in discussing them as a group in order to understand the different perceptions that reside on the team. While an open conversation may be the most direct method for conducting this assessment, our study found that, for many teams, trust and communication are among the largest barriers to development (Table 1). In these situations, many teams find value in gaining insight on team members’ leadership style, behavioral orientation, and/or core personality. Team 360s, one-on-one interviews, team assimilations, assessment inventories (LIFO, Meyers-Briggs, etc.) can often help the team bring important topics to the table for discussion.

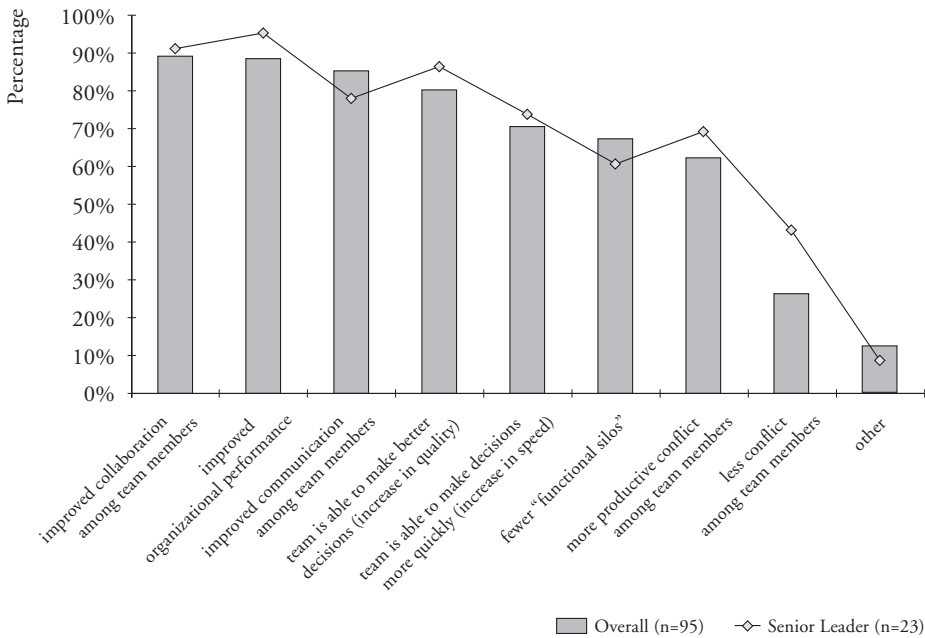
Once the team has identified its current state, it can begin to shape its future state: how will it measure the success of a development initiative? The measures most commonly identified by study participants include “improved collaboration among team members,” “improved organizational performance,” and “improved communication among team members” (Diagram 1). With these, as with any

goals, however, it is important to understand exactly what is meant in behavioral terms, so that all members can see a clear path forward:

- How will the team behave differently: individually, collectively?
- What impact does the team want to have on the organization and its performance?
- What does the team want to accomplish?

**DIAGRAM I**

*Most common measurements for the success of an executive team development effort*



Only with a clear picture of both the current state and the desired future state can teams understand the gaps they are attempting to address through development. With this knowledge, teams can be sure they are targeting the highest-impact areas for development, and can choose methods which are best suited to their needs.

**Developing Executives**

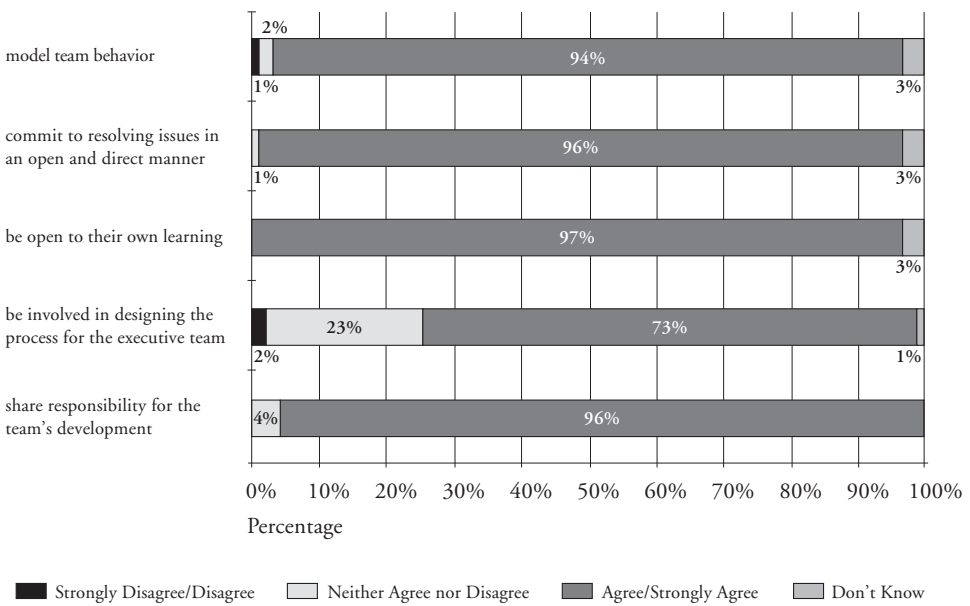
One study participant noted, “People are not ‘born’ into being productive team members.” It is a skill developed over time; mastery requires practice. Unfortunately, however, individuals at the executive level are often quick to dismiss the need for development:

Top team and board development is often confused in organisations [sic] with concepts of training and education, increasing the likelihood of a rejection by senior managers who feel that they do not need to learn any more than they have already, given their extensive experience.<sup>6</sup>

However, as our study participants noted that “being open to their own learning” is the most important behavior for team members in the development process (Diagram 2), leaders should not underestimate the value of cultivating a development culture within the executive team.

**DIAGRAM 2**

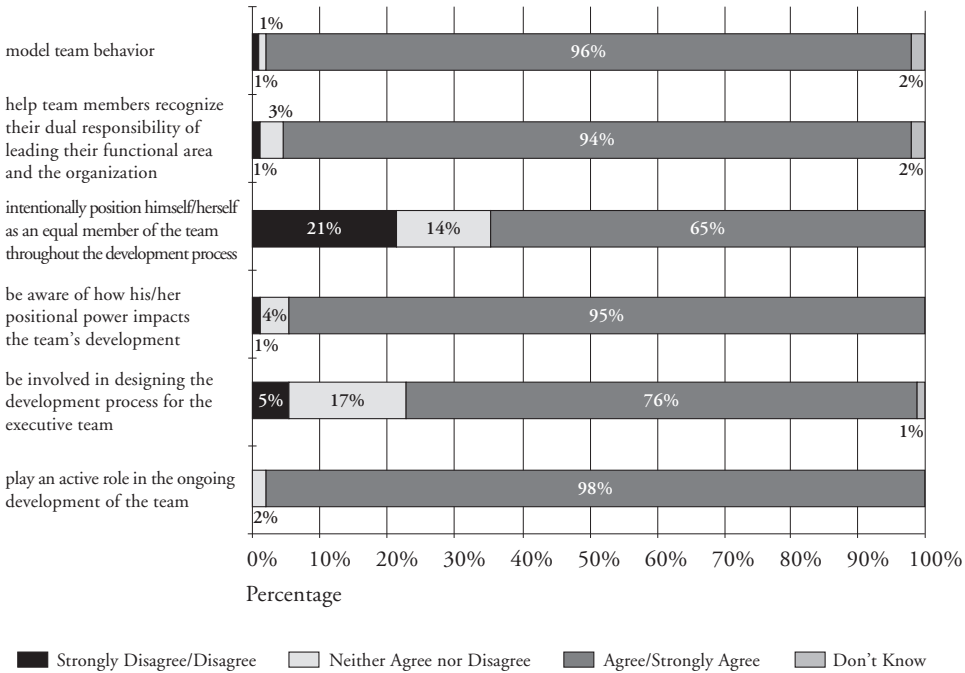
*Most important behaviors for executive team members in the development process (combined agreement)*



In creating this environment, the senior leader plays a key role in modeling the desired behavior for team members. When the senior leader is seen as open to learning and willing to participate fully in the development process, there is a greater likelihood that team members will respond in kind. Indeed, study participants ranked “model team behavior,” and “play an active role in the ongoing development of the team” as the top two most important behaviors of senior leaders in the development process (Diagram 3).

6 Jackson, S., Farndale, E. & Kakabadse, A. (2003). “Executive Development: Meeting the Needs of Top Teams and Boards.” *Journal of Management Development*, 22(3). p. 255.

*Most important behaviors for senior leaders in the executive team development process (combined agreement)*



In addition, the senior leader must take an active role both in communicating the need, and in creating conditions which support behavioral change.

If [team members] haven't psychologically joined the group, and the structure of the situation means they can individually go on 'winning' without ever joining the group, a lot of teambuilding is irrelevant.<sup>7</sup>

The team must believe that there is a benefit to augmenting their behavior—both for themselves and for the organization—otherwise it is unlikely that any development process will attain its desired outcomes.

Stressing the senior leader's importance is not intended to minimize other team members' roles in the process: members must share responsibility for the team's development, and should be held accountable for their behavior. However:

If executive development does not have a champion in the organisation [sic] who can drive the strategy through with passion and enthusiasm, the negative barriers are more likely to win over at the end of the day due to everyday pressures of time and money.<sup>8</sup>

<sup>7</sup> Bushe, p. 12.

<sup>8</sup> Jackson, Farndale, and Kakabadse, p. 255.

## DESIGNING THE PROCESS

Once an executive team decides to improve its level of functioning, there are several key factors to consider in deciding the best path forward.

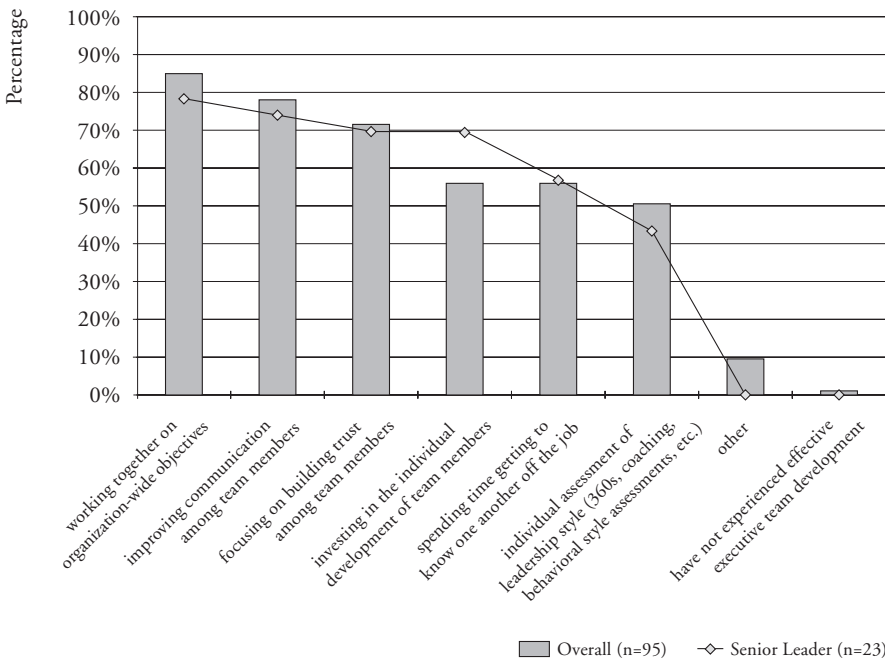
### Methodology

It has been argued that crises are the only situations in which executive teams develop naturally.<sup>9</sup> While it is certainly understandable that leaders do not wish crises on their organizations simply to help their senior teams develop, it is worth considering why team behavior occurs so readily under these conditions. First, the crisis provides a legitimate opportunity for teamwork; the work requires the participation and collaboration of all members to achieve a successful outcome. Second, in crisis situations, team members see a clear advantage to working together; in non-crisis situations those advantages may be less clear, especially if the organization is currently profitable or if reward structures are reinforcing their individual achievement.

Likewise, when study participants were asked to indicate which methods of developing an executive team were most effective, “working together on organization-wide objectives” was the most common response (Diagram 4). While each team must ultimately decide whether such an approach will meet their needs, the method presents many advantages:

- It does not add to already busy executive schedules. By weaving development opportunities into the work, members are simultaneously strengthening the organization and strengthening the team.
- Developing the team in this way feels less contrived than other, more conventional approaches. Particularly at the executive level, the more teambuilding feels like a natural extension of the team’s work together, the more likely it is that a strong team will result.
- Trust is built primarily on the basis of competence and character. By giving executives the opportunity to see each other’s performance first-hand, you allow them to develop an appreciation for each team member and his/her skills.
- Team members gain a tangible appreciation for the advantages of working as a team.

*Most effective methods of developing an executive team*



The key to this methodology lies in identifying real, meaningful opportunities. Experience suggests that the best initiatives for the team to undertake include:

- The development and deployment of human capital  
*How does the organization best leverage the skills and capabilities of the workforce?*
- Strategic planning  
*What could the organization look like in ten years, and what will it take to get there?*
- Organization design  
*How does the company design its structure and processes to prepare the organization for future success?*
- Refinement of the vision, mission, and culture  
*What is the organization striving for? Is performance aligned with those aspirations?*

These are broad areas which require philosophical discussion and alignment. They require direct communication, openness, and creativity and can infuse an executive team and an organization with tremendous energy. Further, they require active participation from all team members to have a meaningful impact on the organization.

Which opportunity is ultimately chosen to lead off a development initiative is a major factor in the initiative's success; while many opportunities could meet the development criteria, the team's energy level around the issues can encourage or deter involvement. To be sure a development initiative truly meets the needs of a specific executive team, study results suggest that there is value to including the team in the design phase. While seen as less important than other behaviors, over 70% of study participants agreed that it was important to involve team members in designing the executive team development process (Diagram 2). For senior leaders that figure rose to 76% (Diagram 3). Such an approach makes sense; involving the executive team in the design phase increases chances of sustainability, as teams will nourish what they have helped create.

### **Facilitator**

An important consideration when designing an executive team development process is who should facilitate. While study participants recognized that the choice depends on the context (level of trust in the senior leader, the skill level and experience of internal or external resources, etc.), 60% indicated that an external consultant was best suited for the role. External facilitators are experienced as objective, impartial, and able to challenge the team more directly on sensitive issues. Ultimately, however, it is less important who fills the role than it is that the team is comfortable with the choice, and that the facilitator possesses the necessary expertise. Study results validated that the most important facilitation skills include a sensitivity to the team's cultural context, the ability to assess dynamics among team members, the self awareness to understand their impact on the team, and the courage to articulate "what's in the air," saying what needs to be said, even when it is difficult.

Including executives in the design phase and responding to the specifics of their culture requires facilitators to be highly skilled and agile. Regardless of who fills the role, the facilitator's experience in designing development opportunities—identifying business objectives which offer significant potential for growth, structuring the work to challenge team members and address key issues, ensuring time for reflection and discussion—will be crucial to the initiative's success. The facilitator's ability to contextualize the work will make the difference between a process which feels imposed, and a process executives embrace because it has been customized to their challenges and their needs.



## THE FOUNDATIONS OF SUCCESS

Looking across all study responses, three factors appeared repeatedly, underscoring their importance to successful executive team development.

### Communication

When asked what advice they wish they had been given before joining their first executive team, one participant responded, “The impact of continuous and transparent communication on the success of a team.” Effective communication should be nurtured into a habit, as both the frequency and the quality of communication at the executive team level are important to the team’s functioning.

- Especially in this age of e-mail, voice mail, and text messaging, it is important to make time for face-to-face conversations. While other media may be acceptable for routine, less-vital communications, conversations among executives often hinge on a level of nuance which cannot be achieved through other means.
- The setting for a conversation often has a tremendous impact on its content and outcome. When possible and appropriate, the leadership team should hold meetings away from the office, where the pressures of everyday business are less likely to intrude.
- Know that conflict is a vital, expected part of team interactions: only 26% of study participants measured the success of development efforts by fewer conflicts, whereas over 60% of participants measure the success by more productive conflict among team members (Diagram 1). “An effective management team must be able to comfortably discuss different views and accept disagreements as a normal and beneficial aspect of decision making....Leaders of management teams must ensure that discussion of differences is conducted in a positive spirit and with a focus on common goals.”<sup>10</sup>

Communication is intricately linked with trust among executive team members; we are unlikely to have open, honest conversations with individuals we do not trust, and this can be detrimental to the team’s functioning.

Team members are constantly exposed to each other, and it is vital that they positively engage in a process of building relationships. A lack of trust and respect can lead to a deterioration of relationships between team members, as a consequence of which people talk to one another less about key issues. This becomes a real handicap when it is time to discuss sensitive issues or complex problems.<sup>11</sup>

10 McIntyre, M. G. (1998). *The Management Team Handbook: Five Key Strategies for Maximizing Group Performance*. San Francisco: Jossey-Bass. p. 87.

11 Sheard, A. G. & Kakabadse, A. (2004). “A Process Perspective on Leadership and Team Development.” *Journal of Management Development*, 23(1). p. 15.

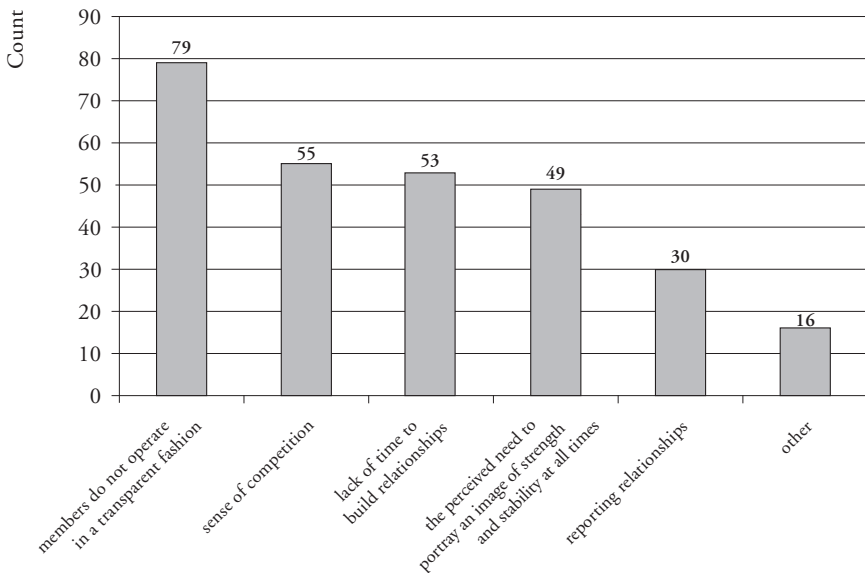
## Trust

Transparency and openness appeared frequently in response to many different questions:

- When asked what gets in the way of team members' ability to build trust, the number one response—by almost 25%—was that “members do not operate in a transparent fashion” (Diagram 5).
- This issue of transparency is echoed among the accelerators, where it appears among the top themes in open-ended questions on the topic (Table 2).
- Further, among the three most important behaviors for executive team members in the development process is the commitment to “resolving issues in an open and direct manner” (Diagram 2).

DIAGRAM 5

### *Barriers to building trust among executive team members*



Trust is more than a function of time: it encompasses perceptions of competence and character. If we believe someone is capable of performing, we are likely to entrust them with a task. Likewise, if we have confidence in our team members' intentions, we will be more open in our conversations and dealings with them. With this in mind, executives should be diligent about both the quality of their work, and about following through on their promises to the team. Relationships are built one interaction at a time, and leaders must recognize that their relationships

are as important—if not more important—than the work product itself. As one study participant commented, “Know that your reputation precedes you. Humility and honesty will take you a long way.”

*Largest accelerators for developing an executive team*

TABLE 2

1. Having a common, manageable set of goals
2. Transparency/openness
3. Endorsement and support of the senior leader
4. Having time to build relationships
5. Trust
6. Communication
7. (tie) Modeling by the senior leader
7. (tie) A crisis

**Functional vs. Organizational Leadership**

Participants identified the largest barrier to developing an executive team as individuals pursuing functional goals rather than organizational goals (Table 1). This behavior can manifest itself in several ways:

- “Functional silos” where work and information is not shared between departments. Individuals can experience this as a general difficulty in getting things done within the organization, or as an excess of “red tape.” A functional mentality can make an organization less nimble, and slow to seize business opportunities.
- Excessive competition among executive team members for organizational resources. Leaders often experience this as a “me vs. we” mentality, where team members look out for their own function first, even when doing so may not advance the organization’s strategic goals.

While functional results are undoubtedly important in achieving organizational goals, and functional competence is the price of entry to the executive level, team members must learn to balance these results with an understanding of and support for the well-being of the organization as a whole. Study participants agreed that the senior leader plays a key role in helping team members find this balance, rating it among the most important behaviors for senior leaders in the development process (Diagram 3). As such, senior leaders should be intentional with their behavior, holding team members accountable for supporting the organization’s goals, and rewarding those behaviors which reinforce organizational leadership.



## NEW MEMBERS

Finally, teams must recognize that orientation of new members—especially for those new to the executive level—is a crucial component of team performance. Not only does a deliberate orientation process speed new members' ability to contribute, but provides a useful pause for the team to consider its behavior in light of the change in composition. For, as one study participant suggested: "Every time a new person comes on board, you have a new team."

### *What advice do you wish you'd been given prior to joining your first executive team?*

TABLE 3

"How you get results and interact with your peers is as important as the results you achieve."

"Build strong and direct relationships with everyone."

"Don't be reluctant to raise questions or make suggestions about other functional areas. Remember: you're in this as a team."

"Bring your business leadership to the team and don't let the team (or yourself) put you in a box with your functional name on it."

"Pay attention to the assimilation process and create one for yourself."

"See this as an opportunity to learn about yourself. The more you know who you are, the more you can contribute to others and a common goal."

"The impact of continuous and transparent communication on the success of a team."

"Don't stop and ask for permission. Get on with it."

"[Team] concepts are easy, putting them into practice and sustaining the effort is difficult, but one of the most important efforts an executive can undertake."

## CONCLUSION

*"The principle of building a great management team involves continuous evolution."* —Neff & Citrin<sup>12</sup>

While there is much to consider, above all, teams should remember that development is a process—not an event—and should be treated as such. One-off workshops are of much less value than an approach which integrates learning over time, utilizes real-life issues and allows executives to gain practical experience with new tools, behaviors, and one another. Whether a new team or an established team, achieving high levels of performance requires both self-management and ongoing team development, so gains in performance can be sustained over the long-term.

As noted previously, trust is more than a function of time. However, in the absence of time to build relationships with one another—both through working together on organizational goals and getting to know one another on a more

personal level—then trust surely has a limited chance of growing. Teams that make the time will find they quickly get into a constructive cycle:

Team members develop mutual respect; because they respect one another, they develop trust; because they trust one another, they share difficult information; because they all have the same, reasonably complete information, they can challenge one another's conclusions coherently; because a spirited give-and take becomes the norm, they learn to adjust their own interpretations in response to intelligent questions.<sup>13</sup>

Beginning this cycle requires executives to make a choice: to decide who they want to be as organizational leaders—both individually and collectively—and to be genuine in the pursuit of those aspirations.



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**Developing Executive Teams** is an independent research study exploring: the roles presidents/CEOs, team members and facilitators play in shaping executive teams; barriers and accelerators in the development process; and effective methods for developing executive teams. The study is part of Peak Development's ongoing commitment to advancing knowledge in the fields of organization and leadership development. For more information on Peak Development's research initiatives, or to obtain a copy of the summary results from this study, please visit our Web site at [www.peakdevelopment.com](http://www.peakdevelopment.com).

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Mindy has over 20 years of experience in organization and leadership development, and holds Masters Degrees in both Organization Development and Human Resources Management, and a Ph.D. in Human and Organizational Systems. She is an accomplished speaker and published author, whose work appears in *The Competency Casebook* from HRD Press and *OD Practicing*.

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