The real problem facing organizations is not changing markets, increased competition, inefficient processes, unproductive people, or poor decision-making, but rather ineffective, fragmented leadership teams.

Why Most Leadership Teams are Failing, and How to Turn Them Around—Fast!

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Suboptimal Performance is always a leadership problem

Whether the problem negatively impacting organizational performance is strategic, economic or cultural, and whether it is externally or internally driven, it is a leadership problem.

Leadership is specifically about leading change and resolving the problems of growth or disruption by adapting or radically changing the strategy, business model and organizational culture to continuously thrive and outperform the market. Except for rare human beings, this is not a one-person job. It is most optimally accomplished and sustained through the efforts of committed leadership teams. The real problem facing organizations is not changing markets, increased competition, inefficient processes, unproductive people, or poor decision-making, but rather ineffective, fragmented leadership teams.

One expects committees—the predecessor to teams, to govern in a controlled way, with primary focus on managing risk and processes. Leadership teams are expected to lead. When teams are not teams, and not leading, cognitive dissonance\(^1\) is created. For example, the observation “they are the leadership team,” and “they are neither a team, nor leading,” are incompatible. The only way to ease the resulting dissonance is to either modify the definition of what a leadership team looks like, or convince oneself that they really are leading and functioning as a team. Neither alternative is healthy. In organizations, the tension resulting from this incompatibility runs high.

The all too common practice of promoting smart achievers who are not leaders into roles that require leadership ensures that leadership teams will fail to meet expectations, with natural consequences: disbelief and disappointment degenerate into corrosive levels of frustration, disengagement, declining productivity and cynicism.

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\(^1\) The tension caused by the incompatibility of two simultaneous cognitions
The problem is not that managers are being appointed to leadership teams (Yes, managers and leaders are different\(^2\)). The participation of effective managers will enhance the impact of the team. The problem is that too few are real leaders, and collectively they are not leading. Producers who do not have the respect of their people, who have important character flaws, or lack emotional intelligence are not only being promoted to leadership teams, but are often leading them.

Teams are not created by fiat, and annual teambuilding events don’t work. Building a team is a creative act that requires personal risk and the commitment of serious time by members willing to lead.

In spite of the significant dollars most organizations spend on training and coaching, real leaders appear to be in short supply in most organizations. In my view, this is the consequence of a command and control structure that remains far more pervasive than the current governance language implies.

The good news is that substantial leadership potential remains suppressed beneath the structures that control decision-making, discourage teamwork, punish failure, fail to recognize or reward wisely, and prescribe processes. Those who are promoted up the hierarchy are naturally reticent about shaking its foundations. Change and uncertainty increase the need to control one’s environment—to preserve power, not risk it. Hierarchy does not welcome conflict. Structure does not like chaos.

But the best news of all is that, regardless of the larger organizational culture, willing leaders at the department or business unit level can create high-impact teams from which leadership emerges and organizational transformation begins, “one team at a time.”

**Why Most Leadership Teams Are Failing**

*Level 1 Problem: Teams are focused on what’s urgent, not what’s most important: Integrating Strategy, Culture and People*

Clarity of purpose will determine if leadership teams demonstrate credibility or impotence. In our observation of team meetings, agendas are bloated with tactical issues that keep them from doing their real work. When we ask teams what their purpose is, what we predominantly hear about is information-sharing, resource allocations, responding to, or creating, “fire drills,” and, to a much lesser degree, strategy and people issues. Shaping and managing culture in alignment with the strategy is not on their radar screen. If not theirs, whose?

*Choosing the “Market” Leadership Strategy*

Many companies try to excel on product, price and customer relationships. Some consciously try to excel in only one. The best build their culture around it. According to

\(^2\) Managers and Leaders, Are they Different? Abraham Zaleznik, HBR, March-April 1992
Treacy & Wiersema, no culture can effectively support all 3 strategies. Those that dominate their market choose to excel in one of the three disciplines, while being competitive in the other two, and then build their culture around their chosen leadership strategy. That is the key success factor. Unless the culture is aligned to the strategy, the company will be unable to sustain excellence.

One of the key roles of any leadership team, whether it is an internal business partner, or a business unit with P&L responsibility, is to define its success strategy and align its culture accordingly.

**Aligning Culture to the Market Leadership Strategy**

No doubt the agenda of leadership teams reflect who they are, but the framework is largely influenced by the culture. Structure drives behavior. In a culture characterized by stability and control, teams will focus more on tactics and execution than strategy. But leadership is about influencing, not responding. Because no culture is perfectly aligned to its market strategy, cultural change needs to be an important mission of every leadership team. And this is as true for HR, IT, Sales, Marketing, and operating teams as discreet business units, subsidiaries and senior management teams.

Organization culture for many people is difficult to grasp in a sensible, concrete way. The Competing Values Framework provides a simple yet elegant way to understand and shape culture. Simply stated, culture is the result of how the organization’s decision-makers balance the inherent conflicts in a two-dimensional matrix—external versus internal focus, and flexibility and discretion versus stability and control. The matrix provides both a dynamic typology and a compelling developmental stage model. (To view an online demo of the model and assessment, click [here](http://www.managementcentral.com), or go to www.managementcentral.com.

No company at any stage is in one box. They span all 4 to some degree. But where the company is in its developmental stage will likely predict the bias of the cultural profile. Cameron & Quinn developed the Organization Culture Assessment to enable leaders to measure their organization’s current profile, versus where they think it should be.

What the OCA does not do in any depth is measure how effective or dysfunctional the profile is. A company in a commodity business that competes on price needs to be heavily biased toward the bottom left. If it is, but its bureaucratic processes hinder first class execution, raters will undoubtedly suggest a shift in the broad cultural characteristics, such as how success is measured, leadership style, or how people are managed. The goal is disciplined execution by engaged employees rather than cumbersome procedures and redundant controls to compensate for poor talent or obsessive-compulsive managers. More specific issues would emerge from a custom employee survey.

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3 The Discipline of Market Leaders, Michael Treacy & Fred Wiersema, Addison-Wesley
4 Diagnosing & Changing Organizational Culture: Based on the Competing Values Framework, Kim Cameron & Robert Quinn, Addison-Wesley
It is unusual to find a team at the functional level in a hierarchical culture that is truly leading. They are selected and rewarded to manage, execute and control. The need for leaders in such a culture is even greater than in an innovative or results-focused culture if it is misaligned with the strategy. Not surprisingly, effective senior leadership teams at the top are more the exception than the rule.

The Competing Values Framework is an excellent macro model for understanding organization culture, and the typical developmental cycle of individual companies and overall market cycles. To understand the role and impact of culture it is critical to understand the nature of values and the importance of core values in decision-making, priority-setting, and shaping culture. Each manager and leader faces values conflicts daily, and the choices they make, in the absence of leader-like convictions, will be driven by the core values embedded in the culture. More than any other factor, these core values determine whether or not culture is aligned, or the right people are in leadership roles.

**Ensuring the right people are in the right place**

When all is said and done, the focus and outcome of “talent management” processes remain primitive. In response to employees’ need for more clarity about what is expected and the path to promotion, most HR groups focus on the wrong level of the problem by developing programs such as competency models, which impose a cookie cutter, one-size-fits-all approach to skill development and promotion, and often to the ideal leader profile. These are painstaking and expensive projects that provide useful information, but don’t solve the problem.

Descending to the right level of the problem would reveal any one, or frequently all, of the following culprits: the incompetence of the employee’s leader/manager (the leading cause of bureaucracies), rigid boundaries within and across departments, hierarchy—where decision-making is retained at the highest possible level, dysfunctional teams, and—bottom line, operational core values that are incongruent with a serious commitment to developing people. In such organizations, what’s most important is short-term performance—getting the job done at any cost, where it behooves anyone with a modicum of self-interest to keep their best people right where they are. If that is a conscious core value, then the more sensible strategy would be to stop developing elegant programs and use the money to better reward the loyal souls who choose to stay.

Only authentic, emotionally intelligent leaders can develop the leadership potential in others. What is needed are managers and leaders who can recognize and differentiate talents, and mentors who can provide the guidance and opportunities best suited for each person. Programs can give people with these talents the requisite skills to do it, but the culture must support it with its expectations, resource-commitments, decision-making processes, especially as it affects hiring and promotion, and reward systems.

Gallup’s “strengthsfinder” test, based on the concept of unique “signature themes,” provides a giant leap forward in helping managers and leaders better understand and

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develop their people. The underlying theory, however—that we are hardwired from childhood, is old science, and leads to an inappropriate conclusion about the ability of people to change, as well as the importance of developing specific skills that are common weaknesses in all of us. Among others, this would include self-awareness, the ability to effectively understand and channel our emotions, empathy, and other qualities that are prerequisites for adult maturity and essential for success at work.

Unfortunately, the commonly held belief that people are hardwired is a serious impediment to growth and development. Can leaders be developed, or are they born? Yes. Leadership qualities lie within us all, and are developed from experiential learning.\(^5\) These potentialities differ in everyone both in terms of type, scope and potential impact, sufficiently, for example, to clearly differentiate managers with leadership qualities from leaders with management skills.

*The People Factor in the Competing Values Model*

Clearly, *people* are critical to all market leadership strategies. It is not the importance of people that is being balanced in the Conflicting Values Model, but the family-like quality of the culture. What should be different, depending on which market leadership strategy is chosen, are the talent profile and the skills and behaviors the organization rewards.

The innovative culture described in the Competing Values Framework ideally supports Treacy & Wiersema’s product leadership strategy. This culture requires creative yet disciplined people who are comfortable with risk and problem-solving, undeterred by failure, and have a low need for structure. The hierarchical, controlled culture is highly compatible with the low-cost producer strategy, which requires achievers who are able to identify potential efficiencies and are highly motivated by metric-based goals and task completion. Two of the most common talents in hierarchical organizations are the Achiever and Responsibility themes—people who take personal responsibility for accomplishing tasks.

The results/market culture does not, however, inherently support a client-intimate strategy, and this can be a challenge for companies that became over-weighted in the Hierarchy and Control profile (almost all do sooner or later) and are trying to become more externally focused. The inflexibility inherent in the profile makes adapting processes to meet individual client needs challenging. In addition, the loss of market share and pressure for short-term profitability will focus these companies on quarterly results rather than customer needs.

The leadership teams we work with recognize this problem, which is why they place equal or more emphasis on innovation as the key to enhancing results. But this is an even greater challenge, as it requires risk-taking in addition to greater flexibility. Such a shift requires people who are competitive—but more focused on *how* to win, relationship-focused, strategic thinkers who have the strength of conviction and character to push back and challenge the short-term mindset.

\(^5\) See Discovering Your Authentic Leadership, HBR, February 2007 issue
While the strategy and culture will demand different skill-sets from its leaders, managers and employees, all cultures must have 5 overarching leadership and management qualities:

- The courage to make tough strategic choices
- The commitment to espouse, and the courage to practice, the values and behaviors that will optimally align the culture to the strategy
- The ability to inspire commitment to audacious goals
- The ability to execute with discipline and hold one another accountable for results
- The ability to recognize, reward and promote the right people to the right roles

The most effective and perhaps only way to successfully generate and sustain these qualities is through high-impact leadership teams. Toward that end, focusing on the purpose of leadership teams is essential, but not sufficient.

**Level 2 Problem: Teams are not cohesive and interdependent: The importance of Shared values, Mutual Trust and Emotional Intelligence**

Clarity of purpose will create credibility, but meaningful performance impact requires cohesiveness and interdependence. In the process of attending to what’s most important, conflicts will emerge but remain unresolved, thus impairing the mission.

Typical “teambuilding” sessions include the Meyers Briggs Type Indicator (MBTI), or any of several spin-offs (I am blue, what color are you?), and outdoor trust-building initiatives such as rope-climbing. MBTI-type workshops provide useful insights that are important for enhancing awareness of self and others. Unfortunately, there is no impact on team performance because these programs, informational and enjoyable as they are, don’t address the root issues.

Building team cohesiveness in the context of its purpose as a team is the way to turn teams that are not teams, and not leading, into high-impact change agents. This requires shared values, mutual trust, and emotional intelligence.

**Shared Core Values:**

The competing organizational values that shape culture are also the source of leadership team conflicts—the first level items. These conflicts will emerge from the results of the Organization Culture Assessment, which is the most valuable element of the assessment. More often than not there is substantial agreement on the need for and overall direction of the change, particularly if the existing culture is in the lower left box. Almost everyone wants out. Important disagreements, however, will center on the degree and direction of change.

These differences are a source of distrust and fragmentation between the team and the leader, and between team members. They are specifically manifested in the way people get rewarded, the frequency of recognition and celebration, the amount of time and
energy the team spends building cohesiveness versus relationships with customers, the rigor of the data and information requirements, the allocation of resources and the content of the agenda.

Views about the direction of the culture reflect not only judgments about what is in the best interest of the organization, but deeper personal values that shape character and behavior. It is unlikely, for example, that people with substantially “status quo” or defensive-oriented values will be arguing for a more innovative, risk-taking culture. Differences at this level will also be manifested in tolerance for conflict, speaking out versus avoiding criticism, pushing back versus going along, and preserving independence versus interdependence—which is key to building cohesive teams.

The goal of shared core values—those that trump non-core values when there is a conflict, requires that the first level conflicts be surfaced, debated and resolved. It is a growth opportunity for all. The initial focus should be on Team Purpose and Vision, and Team Process. It is not realistic, or desirable, to expect complete agreement across the board. The tension between competing (non-core) values can be a healthy catalyst for creative solutions. But movement from independence toward interdependence is a pre-requisite for team cohesiveness, and adult maturity.

As the process unfolds, it is not uncommon for one or more members to conclude that the values differences are too great, and to move to a more compatible environment. Sometimes that is voluntary, but, if not, team leaders need to recognize that without such changes, the team cannot move forward. Shared values will begin the process of building trust.

**Mutual Trust**

Teams commonly confuse trust with integrity, and integrity with ethical behavior. Integrity, although commonly thought of as honesty, refers more precisely to wholeness and integration. An integrated person has reconciled inner conflicts and polarities, and projects authenticity. An integrated team leverages the uniqueness of each to create more than the sum of the parts. Ethics refers to issues of right and wrong and responsibility. Trust is about confidence in, and the ability to rely on, others. In our experience, teams are generally very high in ethical behavior and very low in both trust and integrity. This confusion understandably causes teams to react squeamishly to the possibility of low trust among them, and especially between the team and the leader.

Trust operates at a very granular level, day-to-day and person to person. I can trust almost everyone for some things, but nearly no one for all things. If I am a “high-truster,” I will trust most people until they demonstrate it was unwarranted. If I am a “low-truster,” my trust must be earned. Trust issues are ultimately driven by second level or personal values and beliefs. Every day we are either earning or destroying, and giving or withholding trust.

Critical team trust issues include:
• If I float an out-of-the-box idea, will it be seriously heard or criticized, and, if it goes nowhere, will my credibility be diminished? Will I be inclined to float more ideas?
• If I challenge a team member, will they take it personally or in the spirit of getting to the best solution? Will it potentially damage my relationship, or strengthen it?
• If I raise a sensitive issue that I know other team members share, but no one seems to want to discuss, will others on the team validate it, or remain silent and leave me vulnerable? Will I lose credibility? Will it affect my performance appraisal or relationship with the team leader?
• If I show my feelings, will I be perceived as weak?
• Can I trust each team member to tell me what he or she really thinks?
• If I tell him what I really think about the idea, instead of what he wants to hear, will that damage my relationship or possibly even hurt my career?
• Is that team member acting in the best interest of the team, or is there a hidden agenda?

In the absence of trust, and the ability to take personal risk, the first of Lencioni’s Five Dysfunctions of a Team, the tough issues will not surface, or, if they do, they will not be resolved. The inability to surface and resolve conflicts will negatively impair commitment. Team members will give lip service to agreements, and, because important details were left ambiguous, proceed to either do their own thing, or their interpretation of the thing. Without commitment, there will be no accountability, and focus on team goals will diminish.

Building trust based on shared core values will initiate a similar but positive cycle where members risk self-disclosure, debate issues, challenge assumptions, and come to consensus. The more vigorous the debate, the more likely there will be a win-win solution rather than compromise. When that is not the case, those who disagreed with the final decision will nevertheless commit to it, because the issue was fairly and fully debated. Self-interest or personal opinion yields to the collective team interest. With commitment comes mutual accountability for ensuring success, and a continued focus on results.

Emotional Intelligence (EI)

Surmounting the obstacles to trust requires emotional intelligence. Unlike IQ, these are skills that can and must be developed for success at work and in life. EI is best defined as the ability to “consciously make your emotions work for you rather than against you.” It makes possible the fusion of clarity and passion. Clarity without passion is impotent. Reason alone cannot inspire or stimulate creative energy, which is why so many teams and organizations are semi-comatose.

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6 The Five Dysfunctions of a Team, Patrick Lencioni, Jossey-Bass
7 Emotional Intelligence at Work, Hendrie Weisinger, Jossey-Bass
8 From Affect, Imagery and Consciousness, Vol. 1, Sylvan Tomkins, Springer
Briefly, EI consists of intra and inter-personal skills, including self-awareness, the ability to “manage” emotions (meaning use them effectively, not repress them), self-motivation, the ability to relate well to others, and the ability to emotionally coach or mentor others—key competencies for leadership teams and mature adults.

One team member with poor EI skills will significantly diminish the effective IQ of the entire team. While it is especially important for the team leader to have strong EI skills, any member who has difficulty appropriately expressing their emotions will diminish trust, discourage candor and conflict, reduce commitment, sap energy, impair accountability, and/or divert focus.

Clarity of purpose and cohesiveness represent the genetic structure of high-impact teams that induce passionate, creative and productive cultures. Given the challenges, however, becoming a real team requires leadership courage, the commitment of time, and a systematic process.

**Building High-Impact Teams: A Systematic Process**

The approach suggested below has evolved from working with a broad range of clients, and is not strictly sequential.

**Assessing Reality**

Self-awareness is the foundation of emotional intelligence—and high-impact teams. Objective data on the collective impact of the team on engagement and productivity and their effectiveness as individual leaders heightens awareness of current reality, and provides the motivation for change. Regardless of the values differences, no team member wants the team to fail.

Assessing the impact of the team on the organization’s culture and the engagement of its people is the initial catalyst for change. As noted above, a culture assessment will surface the values conflicts among senior leaders that must be resolved before the team or organization can move forward.

Knowing more specifically what is working and what isn’t, should be an important complement to the culture assessment, as it will validate, or not, the views of the senior leaders participating in the culture assessment. A focused, 35 question survey can provide insights into structural, people focus and management issues that are disengaging people and diminishing productivity.

In addition, enabling the team to self-assess their internal dynamics—their level of trust, ability to resolve conflicts, level of commitment, accountability and focus, will provide insights into the team’s stage of development and level of expectations.
Taken together, these organization and team assessments will provide compelling data on the collective impact of the team on productivity. The news is generally not good, but it is reality, and it is the only place to begin the work of building real teams.

Later in the process, as the team coalesces around its mission and vision, it is important to measure each team member’s leadership impact. This is most effectively done through a Leadership 360, which provides anonymous feedback from subordinate, peer and senior level participants.

**Anonymity and Confidentiality Issues**

Based on extensive work with leadership 360s and teams, it becomes clear that, while anonymity is important to ensure candid ratings from subordinates and peers, confidentiality of the results is not necessarily compatible with development and team cohesiveness.

Leadership development at the team level should not be left to one’s own discretion, and the results of 360s should not be kept confidential. At that level, leaders should be ready to demonstrate more maturity by openly sharing the results with their manager and team members. The team leader should know how others perceive their subordinates, and how their own perceptions differ from that of subordinates. In the absence of hard-data, they are forced to “sniff” around, or get the feedback unsolicited from those with the courage. Lack of openness hinders team effectiveness, leadership development and cultural change.

Most importantly, leadership is best developed in the context, and with the support of, the team. From the 360s we administer for teams, the peers are often completely unaware that a team member has significant leadership issues with their own team. And conversely, the team can frequently fail to appreciate the effectiveness of the member with their own team. While a feedback roundtable provides an opportunity for sharing strengths and lessons learned, too few are sufficiently candid. Transparency and commitment to mutual development will better ensure real progress, and further cement the team.

**Envisioning: “Where there is no vision, the people perish.”**

Most companies have a good grasp on reality—the lower the level, the more realistic the perspective. What they lack is a real vision. Both are needed for change. A compelling vision provides the energy to deal with the inevitable frustrations and obstacles people face every day in trying to make a difference.

The tension between the vision and current reality will provide the energy needed for change. A vision is needed for the business or function, as well as the team.

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9 Book of Proverbs 29:13, King James Version
10 The Path of Least Resistance: Learning to Become the Creative Force in Your Own Life, Robert Fritz, Ballantine
The team vision begins with an unequivocal purpose statement that is then “fleshed out” so that the team understands what it’s supposed to look like and is inspired to make it happen (clarity and passion at work).

**Implementing High-Impact Changes**

The highest impact changes will be those that are viewed by raters as most important and least effective. What is most critical to the problem-solving phase is to understand the data in context, and to avoid jumping to solutions. Organizations will tend to react consistent with their cultural profile: hierarchical, highly-structured cultures will want to launch major, programmatic initiatives that fail to solve the problem but further empower the bureaucracy.

Core-problem analysis can identify the few common drivers that are over-determined in the data. While it is important to understand the symptoms, less is more when it comes to creative change strategies.

To be effective, the change strategy needs to be sponsored and fully supported by the team, but owned and implemented by leaders at all levels of the organization to break the barriers that separate “us” from “them,” and better ensure success. Power must be diffused. Everyone must be accountable, but the leadership team is ultimately responsible.

**Learning**

Focusing on what’s most important based on a clear picture of reality and a bold inspiring vision will be a learning process that strengthens cohesiveness and interdependence. Learning new skills and ways of working together will accelerate that change process.

Team skills often include improved administrative meeting management processes, as well as techniques for managing healthy discussions, surfacing the tough issues, resolving conflicts, reaching agreement, and making clear the call to action.

Undoubtedly, each team member will have specific personal development goals. But interdependence also requires learning to leverage each others’ unique strengths. Mutual accountability breaks down structural barriers to collaboration and teamwork, and argues for teaming up on issues, even if it is technically the responsibility of one function within the team, to ensure the best overall outcome.

**Measuring Progress**

The initial organization and individual assessments provide baseline, objective data against which to measure progress. The progress review mechanism, to work effectively, must be simple—focused on only the priority improvement areas, reliable, and established shortly after the baseline data is received, so that there is no doubt about the
expected changes, while providing adequate time to show progress. When high achievers know a report card is coming, they are unlikely to disappoint. But the scorecard needs teeth. The amount of progress achieved against committed goals needs to be linked to performance compensation to underscore what the organization really values.

Leadership teams that seek objective data on their effectiveness as a team and as individuals, identify the underlying problems and skill deficiencies, commit themselves to measurable performance goals, enlist the support of their peers and employees in a spirit of transparency, leverage the unique talents of the team, stay focused on their purpose, and hold themselves mutually accountable to the organization for real progress—including removing any member who lacks the commitment, will substantially impact productivity and engagement throughout the organization, and exceed performance goals.

Given the impact on the organization and overall business performance, building high impact teams should be the primary factor against which leaders are measured—rather than one among 20. Regardless of the level of dysfunction, real progress can be expected within months. The only insurmountable obstacle is the unwillingness of team leaders to accept their part of the responsibility and do the work to make it happen. Teams that don’t show progress deserve new leaders. Organizations should demand it.