



POWER TEAMS

It's What's on the Outside that Counts.

Why many efforts at team building miss half the point

BY BARBARA KIVIAT

OUR MODERN UNDERSTANDING OF THE importance of workplace group dynamics dates to a series of experiments conducted in the 1920s and '30s at a telephone-equipment plant in Cicero, Ill. The Hawthorne studies, overseen by Harvard Business School professor Elton Mayo and named after the factory where they took place, set out to examine the relationship between working conditions—the amount of light in a room, say—and productivity. In one experiment, six women from the shop floor were put into a group and then observed while Mayo's researchers adjusted such variables as the number of rest breaks and their meals. Any change, it seemed, led to increased productivity, feeding the theory of the Hawthorne effect—that what really mattered was change itself and the experimenters' attention.

But Mayo later wrote about the six women and offered a more nuanced explanation: things changed when the women started thinking about one another and not about the boss looming overhead. "What actually happened," Mayo wrote, "was that six individuals became a team."

By illustrating the power of interpersonal relationships, the Hawthorne studies helped birth the field of industrial psychology and the obsession with teamwork that

we feel every time we haul ourselves to a corporate retreat designed to help us better bond with co-workers. But the world of work has changed quite a bit during the past 80 years. The idea that the power of the group comes primarily from the group itself is as outdated as the rotary dial, according to Deborah Ancona, a professor at MIT's Sloan School of Management, and Henrik Bresman, an assistant professor of organizational behavior at INSEAD, who have written a book, *X-Teams: How to Build Teams That Lead, Innovate and Succeed*.

The authors harness decades of their research and conclude that external relationships are just as important as internal ones in predicting team success. A lot of the time that a team spends building trust and a collegial spirit, they find, would be better spent scouting for outside sources of new ideas, generating enthusiasm for what the team is doing among upper managers and communicating with everyone the group's work touches, from customers to tech support.

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—DEBORAH ANCONA, PROFESSOR, MIT'S SLOAN SCHOOL OF MANAGEMENT

Ancona started in the 1970s studying groups of professionals, including nurses, communications-equipment salesmen and drug researchers. She notes that the conventional wisdom about what makes a team work, such as clearly delineated roles and team spirit, tends to correspond to team-member satisfaction, but those variables often don't line up with financial metrics like sales revenue. "The internal model is burned into our brains," she says, "but research and the actual experience of many managers demonstrate that a team can function very well internally and still not deliver desired results. In the real world, good teams, according to our own definition, often fail."

The nature of work has changed since Hawthorne, so teamwork alone isn't enough. Companies that thrive in the knowledge-driven global economy are spread out, with loose hierarchies, not rigid centralized structures. They depend on complex, constantly changing streams of information that can't be contained by any one source. And the tasks of groups within these firms link them to people within the company and without. The distributed-yet-interconnected character of contemporary work dictates reaching outward, but years of morale-building retreats and consultants persuade us to keep looking in.

So Ancona and Bresman have laid out a framework for doing it another way. In *X-Teams*—their name for groups that get it right—the authors dive into the nitty-gritty details of engineering a better team: how to reach outward, build a support structure, be more flexible and navigate a corporate culture that might be less than enthusiastic about border crossing. They use examples from teams at Microsoft, Motorola, Toyota and Southwest Airlines and describe in depth how a team at Merrill Lynch created a distressed-equities desk that spanned debt and equity—something that had never been done before—one of some hundred X-team projects Ancona has helped foster.

The authors don't entirely ignore the internal workings of teams. They acknowledge that what happens between team members is half the game but argue that it's the overemphasized, overanalyzed half. In their rendering, inner dynamics are best understood as they relate to the team's efforts to reach outward. That means shared timelines, transparent decision making and frequent meetings to integrate knowledge and efforts. And a bedrock for any successful team is a culture that supports frank discussion, even if it's about bad news or mistakes. How do you cultivate that sort of environment? Well, there might just be some use for corporate retreats after all.