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**Strategic Human Resource
Management**



MIT Sloan School of Management

Eliciting Effort



- ✦ Pay
- ✦ Benefits
- ✦ Promotion
- ✦ Monitoring
 - ✦ By Peers
 - ✦ By Management
- ✦ Culture

Mini-Lecture



Teams

Effective Use of Team-Based Systems



- ❖ What is a team-based system?
- ❖ Costs and benefits of using teams?
- ❖ What is the leader's role in a team-based organization?
- ❖ What skills are needed for teams to function effectively?
- ❖ How can you introduce a team-based system?
- ❖ Overall lessons learned?

What is a Team?



A team is a small number of people with complementary skills who are committed to a common purpose, performance goals, and approach for which they hold themselves mutually accountable.

**John Katzenbach and Douglas
Smith, McKinsey & Company
The Wisdom of Teams
Harvard Business School Press, 1993**

Working Groups Versus Teams

WORKING GROUP

- ❖ Strong, clearly-focused leader
- ❖ Individual accountability
- ❖ Group's purpose is same as the organization's
- ❖ Individual work products
- ❖ Runs efficient meetings
- ❖ Measures performance in terms of larger firm
- ❖ Discusses, decides, and delegates

TEAM

- ❖ Shared leadership roles
- ❖ Individual and mutual accountability
- ❖ Specific purpose for which the team is responsible
- ❖ Collective work products
- ❖ Open-ended meetings for problem-solving
- ❖ Performance measured on team products
- ❖ Discuss, decide, and work together

Common Team Responsibilities



✦ Quality improvement	100%
✦ Cross-training	85%
✦ Scheduling (Production)	80%
✦ Safety	70%
✦ Process improvement	70%
✦ Measurement/goal-setting	75%
✦ Budget/expense control	50%
✦ Selection	55%
✦ Coordination with others	50%
✦ Customers and suppliers	60%
✦ Performance appraisal	50%

Manz and Sims (1993)

Costs/Benefits of Using Teams

Benefits

- ✦ Bring together complementary skills and experiences
- ✦ Provides for flexibility
- ✦ Social benefits: fun, commitment
- ✦ Less resistant to change

Costs

- ✦ Coordination costs
- ✦ Personal discomfort and conflict
- ✦ Diffusion of responsibility (free-riders and social loafing)
- ✦ Risk seeking

What is the role of the leader in a team-based system?

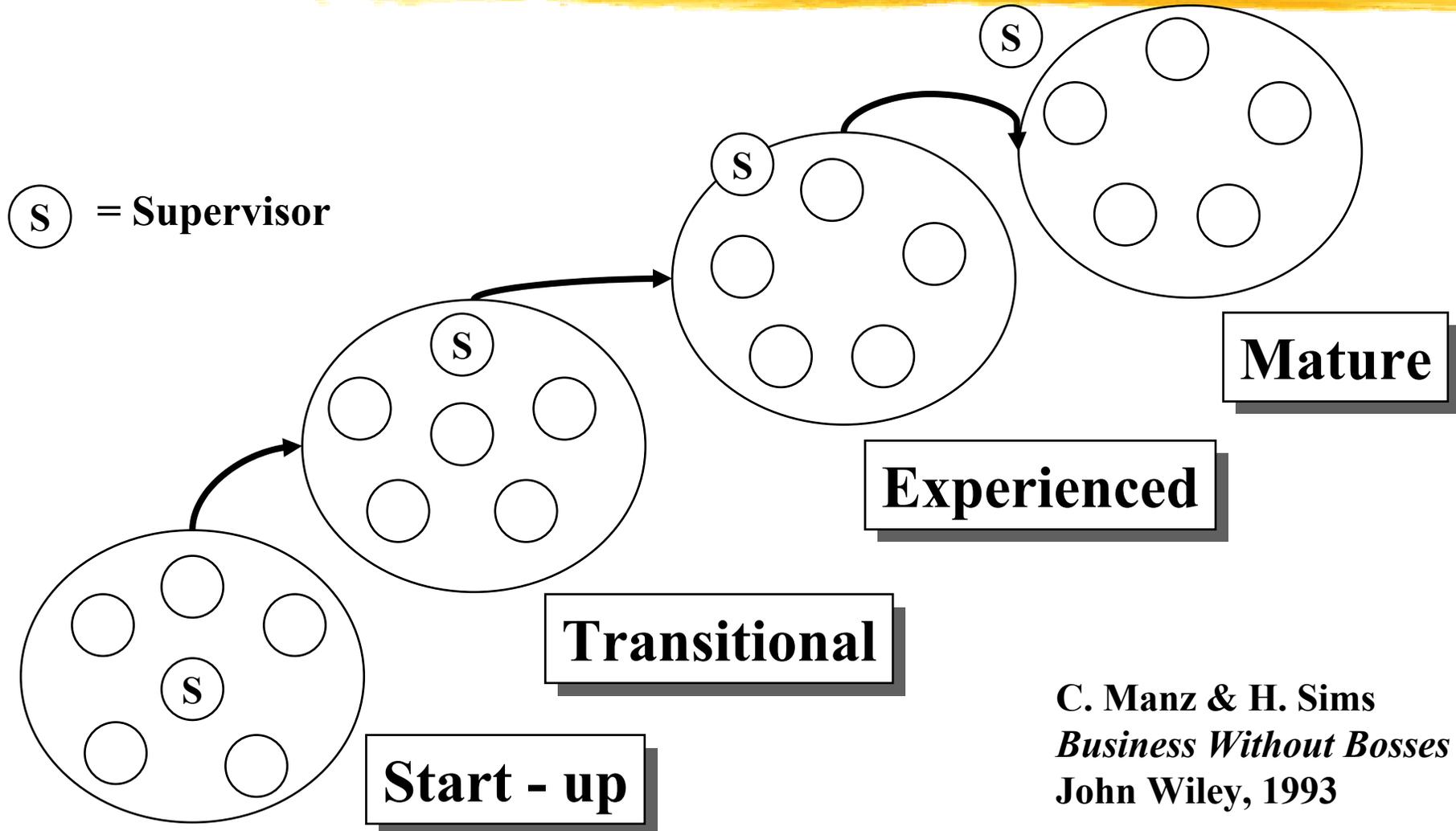
- *Ask questions*
- *Get the group to solve problems*
- *Promote real participation*
- *Help resolve conflict*
- *Train others*
- *Positive reinforcement*
- *Encourage high performance goals*
- *Encourage self-evaluation*
- *Tell the truth, even when it's disagreeable*
- *Liaison with higher management*

What Effective Team Leaders Do



- ❖ Keep purpose, goals, and approach relevant and meaningful
- ❖ Build commitment and confidence
- ❖ Manage the level and mix of skills
- ❖ Manage relationships with outsiders
- ❖ Create opportunities for others
- ❖ Do real work

Team Development



C. Manz & H. Sims
Business Without Bosses
John Wiley, 1993

What types of skills and training are required for a team-based system?



Training for Team Effectiveness



- ❖ Meeting skills, time management
- ❖ Conflict management
- ❖ Problem-solving, TQM
- ❖ Group dynamics, team building
- ❖ Change management
- ❖ Coaching and feedback
- ❖ Business knowledge (e.g., customer service)
- ❖ Technical skills

Evidence on Team Effectiveness

- ❖ Cost savings (labor, materials)
- ❖ Productivity
- ❖ Quality
- ❖ Customer service
- ❖ Speed and cycle time
- ❖ Innovation
- ❖ Safety
- ❖ Decreased absenteeism and turnover
- ❖ Decreased worker's compensation claims

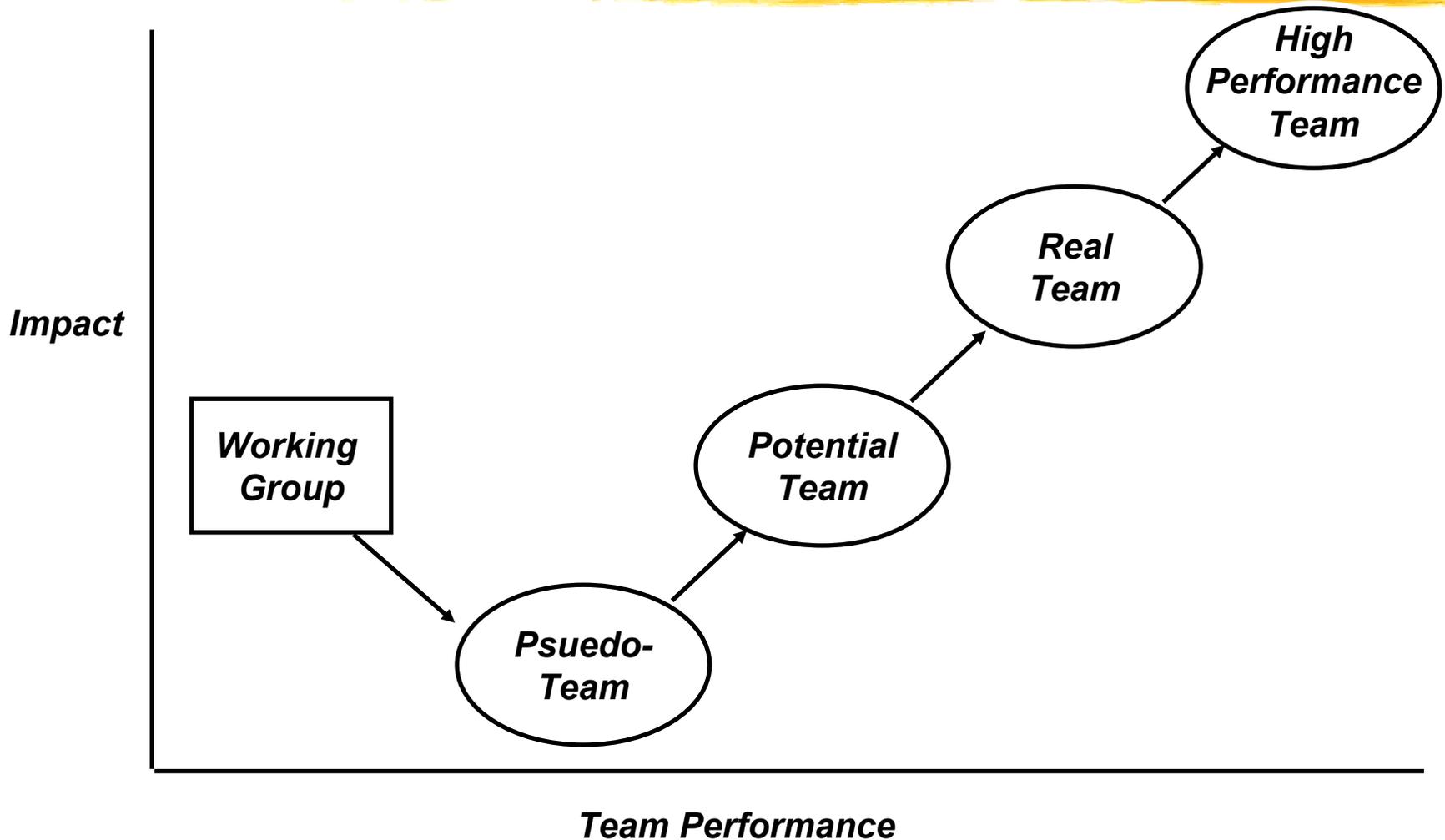
Pros and Cons of a Team-Based Approach?



Pros

Cons

Lessons Learned: Implementing Team-based Systems



Some Lessons Learned the Hard Way



- ❖ Organizations often expect too much, too soon.
- ❖ Things often get worse before they get better.
- ❖ Managers and supervisors are threatened.
- ❖ A new perspective on leadership is required.
- ❖ Need to begin with a clear philosophy and purpose.
- ❖ Technical people often see themselves as losers.
- ❖ Implementation needs careful planning.
- ❖ Employees need technical and behavioral skills.
- ❖ Greenfield sites are easier than retrofits.
- ❖ Continuous training is essential.
- ❖ Stability is crucial; turnover is deadly.
- ❖ May need new systems - especially MIS.
- ❖ Facilitation can help at the beginning.

Takeaways



- ❖ Teams need to be driven by a clear vision and purpose--why are we using them?
- ❖ Training and group process skills are important for groups to succeed.
- ❖ Team-based organizations need team-based systems, culture, and leadership--not just structure.

Conclusion



- ✦ Next Class:
 - ✦ Eastern Airlines