

It's the ability to engage in quality conversations that sets high-performing teams apart. And there are significant commercial advantages too – not least, better decision-making, improved efficiency and delivering organisational change more effectively.

# Does your leadership team really talk?

By Philip Houghton & Vanessa King



Even the 'best and brightest' leadership teams don't always deliver high-quality teamwork. What's the secret of success? It's good to talk...

Leadership teams that bring together strong individuals can be the best – and the worst – of worlds. When each individual just delivers on his or her own competencies, however effectively, the team is not truly functional. It's the 'synergy' created between talented individuals – the tapping of the collective potential – that lies at the heart of successful leadership teams.

So, what's the key to creating this synergy? We believe, quite simply, it's talking that creates great teamwork. What sets high-performing teams apart is their ability to engage in high-quality conversations; conversations which go beyond an exchange of information to those that have the power to transform performance.

We have found that teams who engage in **regular, quality, focused debate** about their strategy, capabilities and behaviours are significantly more successful than those that don't. And we know that when teams fail to effectively discuss a course of action, wider business performance inevitably suffers.

The job of leadership is to ask and answer the right questions. Overleaf, we suggest the kinds of strategic questions teams need to explore in order to create a platform of effectiveness. Many of these may appear obvious, yet experience tells us that frequent ambiguity, inconsistency and disagreement in these areas are significant factors in teams failing to reach their full potential.

Leadership teams who adopt a simple model and shared language for the development, measurement and management of strategy – outperform those that don't.

## Conversations about purpose and strategy

**“What is our purpose?”** Without doubt a clear and compelling purpose attracts, energises and retains great people; without it, even excellent teams frequently have low levels of collective energy and commitment. One piece of research<sup>1</sup> shows that 70% of executive teams lack clarity on what they are aiming to deliver to customers. Ironically, even the presence of corporate mission and value statements don't always ensure this. As market conditions change, competitors reposition themselves and new threats and opportunities open up, questions like “what type of business do we want to become?”, “what do we want to achieve together” and “who do we want to beat?” help create shared purpose. Yet few teams take the time needed to create this type of clarity up front.

The implementation challenges that many teams experience can frequently be traced back to the need for these fundamental, ongoing conversations.

**“What is our strategy?”** Most senior teams take time out each year to discuss strategy. But often the “talk doesn't walk”. With corporate strategy documents frequently inches thick, and with little relationship between functional strategies, it's no wonder that implementation can be slow and messy. Strategy – both its management and measurement – is best built on a simple model and a shared language. And, a growing body of evidence suggests that leadership teams who adopt this approach outperform those

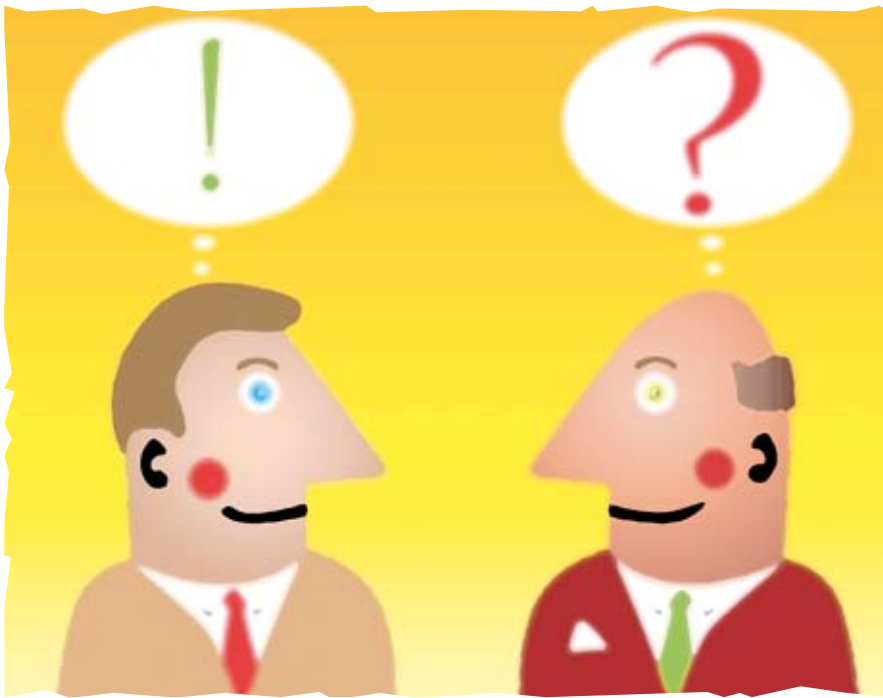
that don't. The most effective teams focus their strategic conversations around a few questions that help create an integrated approach. For example; “what must we achieve financially?”, “what must we deliver for our customers to achieve our financial goals?”, “what must we excel at operationally?”, “what sort of culture and leadership will enable our strategy?” etc. Teams that regularly debate these types of questions, and actively consider the causal linkages, are more able to identify where new issues need to be addressed and see emerging gaps in their thinking. Consequently, they react more speedily to address key strategic issues before they become really significant barriers to performance.

## CASE STUDY – TEAM PURPOSE AND STRATEGY

**A leading international medical equipment company appointed a new President for Europe to drive growth in an ‘underperforming’ business. Shortly after his arrival he called a meeting of the top team to discuss business objectives for the next three years. With a background of 5-6% annual profit growth the team were given new goals nearly twice what they had been delivering. The President asked each Regional Director to prepare their sales and marketing strategy and present this at the next management meeting. With support functions present, and some re-negotiation of the details, these plans were signed off and the three Regional Directors asked to report progress on a monthly basis. However, after 12 months, growth had improved only marginally.**

Under pressure from Corporate office, the President invited a trusted former colleague to take a look at the business. Through a series of confidential interviews he discovered that - despite their markets being remarkably similar - one region was achieving volume growth by ‘bundling’ high-margin and low-margin products together, while the other two divisions were simply driving sales by reducing costs across the range. These differences in order management and product batching were further impacting supply and distribution; providing the business with an unwanted reputation for poor service. Support functions were therefore spending much time ‘fire-fighting’ customer and operational problems.

Facilitating a working session with the management team, the advisor was able to open up a debate on the best sales and marketing strategy for the business as a whole, together with the best approach to implementation across manufacturing and distribution, service, finance and HR. With alignment across all parts of the business the team were able to move forward in a more coordinated and united way that ensured customers were at the centre of their thinking. Results improved dramatically.



**“What is our implementation plan?”** Research shows that effective strategy implementation remains a key concern for most CEOs<sup>2</sup>. Perhaps this is because the nitty-gritty of strategy implementation is rarely explored by top teams. Questions such as “which elements of our strategy require teamwork, and which don’t?”, and “what should be handled cross-functionally versus functionally?” are crucially important and winning teams robustly debate these issues. They also seek agreement over other details including performance measures, resource allocation, governance and decision-making boundaries. Agreeing regular check-points to review progress, learn from experiences and ensure people are delivering as agreed is also vital – many teams invest too little time ensuring they actively reflect on and manage their performance.

## Conversations about capability

**“What capabilities are needed to execute our strategy?”** Clearly any conversation about strategy, working practices and resources also needs some objective discussion of team and individual capabilities. However, many teams resist debating these issues, let alone introduce objectivity into the process. This form of insularity, bred by a lack of self-evaluation and internal challenge, often lies at the heart of team underperformance. And even with the spotlight on important strategic capabilities, leadership and

management teams rarely receive sufficient, targeted, development. While it is the leader’s responsibility to bring the right type and quality of talent into the team the ability of teams to subsequently identify and close important capability gaps, as business conditions change, is crucial to ensuring effective strategy execution.

**“Do we have sufficient diversity in the team?”** Many leaders recruit in their own image, rather than positively seeking diversity. And many teams put the lid on acknowledging let alone actively discussing their differences. Both these approaches limit the potential for ‘synergy’. Whilst it’s a significant challenge for all senior teams to harness differences, the rewards are much greater when they do. Diversity of thinking style, experience and perspective can lead to more competitive products, services, strategies and business cultures. In practice, teams will need to consider whether they have an effective balance of styles – for example ‘drivers’ (to push for results), more cautious thinkers (to play ‘devil’s advocate’), creative problem-solvers (to help with unexpected challenges), detailed planners (to re-adjust operational requirements) and relationship builders (to help manage stakeholders). A diverse team working collectively not only creates a balanced business but one with many more opportunities.

The ability of teams to close important capability gaps, as business conditions change, is crucial to ensuring effective strategy execution.

Teams that trust and respect each other enough to be open, forthright and challenging are simply able to make better decisions.

**“Are we at the leading-edge of thinking?”** Winning teams retain a high degree of strategic and tactical awareness that ensures they continually question their own approach and thinking. This type of self-challenge enables a team to determine whether it’s the right time to invest heavily in a new opportunity, withdraw from declining markets or continue its current approach. Teams that become too insular and self-absorbed can fail to recognise potential threats, challenge the status-quo or judge themselves by wider industry best-practices. A lack of up-to-the-minute commercial awareness can also contribute to teams losing touch with what actions drive results, and lead to a slow but inevitable decline in performance.

## Conversations about behaviour

**“Are we being really open and honest with each other?”** Many teams acknowledge the importance of effective interaction but unknowingly foster a culture that inhibits a high quality of debate. A key factor here is trust; according to 65% of respondents to a survey<sup>3</sup> on the issue, trust was a real issue in their teams. The posturing, dishonesty and hidden agendas present in too many top teams signals a lack of mutual trust and leads only to inefficiency and wasted opportunities. Teams that trust and respect each other enough to be open, forthright and challenging – as well as supportive – are simply able to make better decisions and work together more effectively. Actively seeking and capitalising on diverse viewpoints and backgrounds in the team is a clear sign of maturity. Conflict can also be a sign of a healthy team – teams that can’t argue and

disagree constructively are unlikely to develop rigorous thinking, work creatively or adapt to changing markets and priorities.

**“How should we behave as a team?”** To avoid poor team dynamics, successful teams create their own behavioural standards that help to drive high-performance. For example, one team identified ‘quality time’, ‘issues on the table’, ‘challenging the status quo’ and ‘focused conversations’ (amongst others) as key drivers of their team’s performance.

With simple ‘in-code’ and ‘out-of-code’ descriptors of what these behaviours looked like, and regular reviews of how they were doing, they were able to quickly turn fairly turgid and dysfunctional team meetings into sessions that really worked. The process allowed team members to challenge each other, and the leader, more openly (and humorously) and later became adopted as a behavioural code for the wider organisation.



### “Can we hold each other accountable?”

Teams that aren't able to hold each other accountable rarely deliver their required commercial objectives. Given the interdependence required of real teamwork, accountability must be something driven by the team as a whole – not just the leader. Accountability, of course, has two components – a commitment to deliver as agreed, and a willingness to be questioned and challenged. Teams that allow individuals, or sub-groups, to under-deliver (i.e. they miss deadlines, quality or budget targets, or fail to work within agreed behavioural standards) unwittingly create a culture of under-performance. Inevitably, this permeates the wider operation that they collectively lead.

## Creating the environment for high-quality conversations

When teams struggle to challenge one another, it's no surprise that conversations have little real impact on business performance. The development of robust conversational skills, including basic listening, questioning and summarising, can have a highly beneficial outcome on the time senior teams spend together. The selected use of objective facilitators can also be very productive.

We believe that the environment for high-quality conversations can be created by any company with the will to do it. There are three simple ingredients: preparation, time and relationships.

### Quality of Preparation

Leadership teams rarely prepare well for important conversations or working sessions. Even with off-site meetings scheduled well in advance it can be a

challenge to encourage executives to read important background documents (i.e. to consider customer, business performance and employee data) and stand-back sufficiently to see things in perspective. This lack of big picture thinking inevitably leads to teams engaging in very operational conversations rather than posing and answering bigger questions of focus, strategy and competitiveness.

### Quality of Time

A second challenge is allowing too little time for important team conversations. The monthly board meeting or management meeting, that typically lasts just a few hours, inevitably creates little space for high-quality debate. Research<sup>4</sup> shows that most management teams spend less than one hour per

month debating strategy (we would suggest the time is far lower). Allowing insufficient time to fully explore critical business issues, identify route causes and debate options leads only to superficial actions that rarely address the symptoms presented.

### Quality of Relationships

Finally, because teamwork is a process of relationship building, the ability to openly discuss and review team process, dynamics and working relationships is core to the development of team conversations, and therefore a key driver of the performance of the team overall. Ultimately the development of relationships of trust, openness and respect form the foundations for quality dialogue in a team.

## CASE STUDY – TEAM CAPABILITY

**A leading brand FMCG company was facing increasing competition in their core markets – leading to constant pressure on prices and an inevitable decline in margins. With new products some way off they needed to find a way of increasing the profitability of their traditional business, while driving greater productivity from their operations. Following a series of off-site working sessions to determine strategy, the leadership team decided to adopt a customer-intimacy approach that would involve them closely partnering with chosen multiple retailers. The core of the strategy involved driving up brand equity and prices, and sharing margin improvements with their chosen distributors. Success required a strong marketing and relationship strategy supported by their ability to deliver a new, marketing-led, economic model for the business.**

Short-term success was good with the majority of major retailers supporting the new strategy. Extensive category-focused marketing campaigns were developed and launched – with a combination of in-store and multi-media promotions – and the rebranded products were selling well at the increased prices. However, margins did not improve and in some cases got worse.

Six months into the new strategy the CEO was becoming very concerned about financial performance, and called the team together for a major review. Discussions highlighted a number of unexpected challenges. Firstly, the business was failing to meet its efficiency targets – key projects to reduce costs were behind schedule. Secondly, marketing and sales were not working together effectively – causing inconsistent communications with key customers. And thirdly, some key customers hadn't bought into the new strategy at all. Following significant, impassioned debate about the causes of these various challenges, the CEO – in a quiet moment – realised that he had asked a traditionally 'operations focused' management team to execute a significant change programme. Despite their passion, enthusiasm and buy-in, they had not identified whether they had the capabilities to deliver.

## Delivering the corporate advantage

While each team may face a unique commercial challenge, common 'rules of engagement' make for successful communication. With commitment from all parties, the willingness to prepare effectively, and taking the time necessary to work issues through, any leadership team can improve the quality of their conversations.

Whilst individuals can deliver on their own expertise, the power of the team lies in its ability to have transformational conversations that go beyond individual competencies to create new insights, decisions and strategies which truly deliver corporate advantage. Creating a common purpose is the keystone to corporate success.

And there are significant commercial advantages too – not least, better decision-making, improved efficiency and delivering organisational change more effectively.

So the big question is “does your leadership team really talk?” Are you having the quality of conversations you need to make a significant difference in your business and markets?

The power of the team lies in its ability to have transformational conversations that go beyond individual competencies to create new insights, decisions and strategies.

Does your team realise the commercial value of its collective thinking, or only its individual thinking? And, how could you ensure the time you spend together is transformational, rather than just transactional?

Remember, it IS good to talk!

### References

- 1 & 4: Kaplan & Norton: *Having Trouble With Your Strategy, Then Map it?* (2004)
- 2: Monitor Research Analysis: *Survey of over 300 Senior Executives Across Industry Sectors* (2006)
- 3: McKinsey: *Teams At The Top* (2004)



### About the Authors

Philip Houghton & Vanessa King are Partners of Cavendish<sup>2</sup> – a consulting group specialising in team performance. They can be reached at [philip.houghton@cavendish2.com](mailto:philip.houghton@cavendish2.com) and [vanessa.king@cavendish2.com](mailto:vanessa.king@cavendish2.com), or by calling 01275 813033.

### Cavendish<sup>2</sup> services:

- top team strategy clarification
- functional team strategy alignment
- team assessment & appraisal
- team performance improvement
- team behavioural code development
- building a teamwork culture
- team diagnostics

## Cavendish<sup>2</sup>

The Stable Courtyard, Leigh Court  
Abbots Leigh, Bristol BS8 3RA  
Tel: +44 (0)1275 813033  
Fax: +44 (0) 1275 813003  
[www.cavendish2.com](http://www.cavendish2.com)  
*releasing the power of teams*

## CASE STUDY – TEAM BEHAVIOUR

**The Director of Operations for a Financial Services group was tasked with integrating two major acquisitions. Important synergies needed to be delivered across infrastructure facilities including corporate buildings, IT, call centres and the branch network. A clear strategy and change programme was developed and agreed at board level; which included time-phasing the change over three years. All agreed the objectives were realistic and that both operational and financial synergies were there for the taking. The Operations Director and his newly expanded management team had the full backing of the board, including a highly competent support group and adequate financial resources.**

However, 18 months into the change programme it was evident that key milestones were not being delivered. Furthermore, day-to-day operational issues were not being handled effectively – impacting customer service levels. During a meeting with the Operations Management Team it became evident to the CEO that relationships within the team were strained, and that there was a lack of open, honest debate or ownership for the issues. Taking the Operations Director aside after the meeting the CEO asked her what she thought of her team “this is an incredibly capable group – we’ve got some of the best operations and change-management people I’ve ever worked with” she said. “How do they work as a team?” asked the CEO. “I think that’s our core problem” said the Ops Director, “it’s a big group with lots of strong personalities, but I don’t think we’re good at debating our differences of opinion. We tend to reach grudging compromises rather than driving for the best solution”.