

## 22.1: Reading- The Team and the Organization

### What Is a Team? How Does Teamwork Work?

A team (or a *work team*) is a group of people with complementary skills who work together to achieve a specific goal. In the case of Motorola's RAZR team, the specific goal was to develop (and ultimately bring to market) an ultrathin cell phone that would help restore the company's reputation as a designer of stylistically appealing, high-function phones. The team achieved its goal by integrating specialized but complementary skills in engineering and design and by making the most of its authority to make its own decisions and manage its own operations.

### Teams vs. Groups

"A group," suggests Bonnie Edelstein, a consultant in organizational development, "is a bunch of people in an elevator. A team is also a bunch of people in an elevator, but the elevator is broken." This distinction may be a little oversimplified, but as our tale of teamwork at Motorola reminds us, a *team* is clearly something more than a mere *group* of individuals. In particular, members of a group—or, more accurately, a *working group*—go about their jobs independently and meet primarily to share information. A group of department-store managers, for example, might meet monthly to discuss their progress in cutting plant costs, but each manager is focused on the goals of his or her department because each is held accountable for meeting only those goals. Teams, by contrast, are responsible for achieving specific common goals, and they're generally empowered to make the decisions needed to complete their authorized tasks.

### Some Key Characteristics of Teams

To keep matters in perspective, the following lists five key characteristics of work teams:

1. *Teams are accountable for achieving specific common goals.* Members are collectively responsible for achieving team goals, and if they succeed, they're rewarded collectively.
2. *Teams function interdependently.* Members cannot achieve goals independently and must rely on each other for information, input, and expertise.
3. *Teams are stable.* Teams remain intact long enough to finish their assigned tasks, and each member remains on board long enough to get to know every other member.
4. *Teams have authority.* Teams possess the decision-making power to pursue their goals and to manage the activities through which they complete their assignments.
5. *Teams operate in a social context.* Teams are assembled to do specific work for larger organizations and have the advantage of access to resources available from other areas of their organizations.

### Why Organizations Build Teams

Why do major organizations now rely more and more on teams to improve operations? Executives at Xerox have reported that team-based operations are 30 percent more productive than conventional operations. General Mills says that factories organized around team activities are 40 percent more productive than traditionally organized factories. According to in-house studies at Shenandoah Life Insurance, teams have cut case-handling time from twenty-seven to two days and virtually eliminated service complaints. FedEx says that teams reduced service errors (lost packages, incorrect bills) by 13 percent in the first year.<sup>[1]</sup>

Today it seems obvious that teams can address a variety of challenges in the world of corporate activity. Before we go any further, however, we should remind ourselves that data like those we've just cited aren't necessarily definitive. For one thing, they may not be objective—companies are more likely to report successes than failures. As a matter of fact, teams *don't* always work. Indeed, according to one study, team-based projects fail 50 to 70 percent of the time.<sup>[2]</sup>

### The Effect of Teams on Performance

Research shows that companies build and support teams because of their effect on overall workplace performance, both organizational and individual. If we examine the impact of team-based operations according to a wide range of relevant criteria—including product quality, worker satisfaction, and quality of work life, among others—we find that overall organizational performance improves. Below, Table 22.1.1 lists several areas in which we can analyze workplace performance and indicates the percentage of companies that have reported improvements in each area.

Table 22.1.1. Effect of Teams on Workplace Performance<sup>[3]</sup>

Area of Performance	Percent of Firms Reporting Improvement
Product and service quality	70
Customer service	67
Worker satisfaction	66
Quality of work life	63
Productivity	61
Competitiveness	50
Profitability	45
Absenteeism/turnover	23

## Types of Teams

Teams, then, can improve company and individual performance in a number of areas. Not all teams, however, are formed to achieve the same goals or charged with the same responsibilities. Nor are they organized in the same way. Some, for instance, are more *autonomous* than others—less accountable to those higher up in the organization. Some depend on a team leader who's responsible for defining the team's goals and making sure that its activities are performed effectively. Others are more or less self-governing: though a leader lays out overall goals and strategies, the team itself chooses and manages the methods by which it pursues its goals and implements its strategies.<sup>[4]</sup> Teams also vary according to their membership. Let's look at several categories of teams.

### Manager-Led Teams

As its name implies, in the manager-led team the manager is the team leader and is in charge of setting team goals, assigning tasks, and monitoring the team's performance. The individual team members have relatively little autonomy. For example, the key employees of a professional football team (a manager-led team) are highly trained (and highly paid) athletes, but their activities on the field are tightly controlled by a head coach. As team manager, the coach is responsible both for developing the strategies by which the team pursues its goal of winning games and for the final outcome of each game (not to mention the season). He's also solely responsible for interacting with managers above him in the organization. The players are responsible only for executing plays.<sup>[5]</sup>

### Self-Managing Teams

Self-managing teams (also known as *self-directed* or *self-regulating teams*) have considerable autonomy. They are usually small and often absorb activities that were once performed by traditional supervisors. A manager or team leader may determine overall goals, but the members of the self-managing team control the activities needed to achieve the goals, such as planning and scheduling work, sharing tasks, meeting quality standards, and handling day-to-day operations.

Self-managing teams are the organizational hallmark of Whole Foods Market, the largest natural-foods grocer in the United States. Each store is run by ten teams (produce, prepared foods, and so forth), and virtually every store employee is a member of a team. Each team has a designated leader and its own performance targets. (Team leaders also belong to a store team, and store-team leaders belong to a regional team.) To do its job, every team has access to the kind of information—including sales and even salary figures—that most companies reserve for the eyes of traditional managers.<sup>[6]</sup>

Needless to say, not every self-managed team enjoys the same degree of autonomy. Companies vary widely in choosing which tasks teams are allowed to manage and which ones are best left to upper-level management only. As you can see below in Figure 22.1.1, for example, self-managing teams are often allowed to schedule assignments, but they are rarely allowed to fire coworkers.

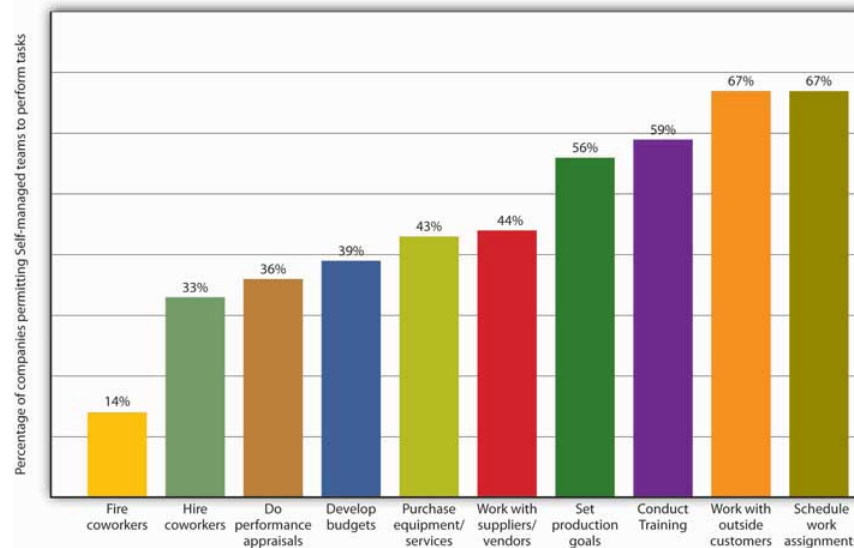


Figure 22.1.1: What Teams Do (and Don't) Manage

### Cross-Functional Teams

Many companies use cross-functional teams—teams that, as the name suggests, cut across an organization's *functional areas* (operations, marketing, finance, and so on). A cross-functional team is designed to take advantage of the special expertise of members drawn from different functional areas of the company. When the Internal Revenue Service, for example, wanted to study the effects on employees of a major change in information systems, it created a cross-functional team composed of people from a wide range of departments. The final study reflected expertise in such areas as job analysis, training, change management, industrial psychology, and even ergonomics.<sup>[7]</sup>

Cross-functional teams figure prominently in the product-development process at Nike, where they take advantage of expertise from both inside and outside the company. Typically, team members include not only product designers, marketing specialists, and accountants but also sports-research experts, coaches, athletes, and even consumers. Likewise, Motorola's RAZR team was a cross-functional team: Responsibility for developing the new product wasn't passed along from the design team to the engineering team but rather was entrusted to a special team composed of both designers and engineers.

We can also classify the RAZR team as a *product-development* or *project team*. *Committees* and *task forces*, both of which are dedicated to specific issues or tasks, are often cross-functional teams. *Problem-solving teams*, which are created to study such issues as improving quality or reducing waste, may be either intradepartmental or cross-functional.<sup>[8]</sup>

### Virtual Teams

"Teamwork," said someone (we're not sure who), "doesn't tolerate the inconvenience of distance." Indeed, technology now makes it possible for teams to function not only across such organizational boundaries as functional areas, departments, and divisions but also across time and space, as well. Working in virtual teams, geographically dispersed members interact electronically in the process of pursuing a common goal. Such technologies as videoconferencing, instant messaging, and electronic meetings, which allow people to interact simultaneously and in real time, offer a number of advantages in conducting the business of a virtual team.<sup>[9]</sup> Among other things, members can participate from any location or at any time of day, and teams can "meet" for as long as it takes to achieve a goal or solve a problem—a few days, a few weeks, or a few months.

Nor does team size seem to be an obstacle when it comes to calling virtual-team meetings: In building the F-35 Strike Fighter, U.S. defense contractor Lockheed Martin staked the \$225 billion project on a virtual product-team of unprecedented global dimension, drawing on designers and engineers from the ranks of eight international partners ranging from Canada and the United Kingdom to Norway and Turkey.<sup>[10]</sup>

### KEY TAKEAWAYS

- Teamwork brings diverse areas of expertise to bear on organizational problems and projects.
- Reaching teamwork goals requires skills in negotiating trade-offs, and teamwork brings these skills into play at almost every step in the process.

- To be successful, teams need a certain amount of autonomy and authority in making and implementing their decisions.
- A **team** (or a *work team*) is a group of people with complementary skills who work together to achieve a specific goal. Members of a *working group* work independently and meet primarily to share information.
- Work teams have five key characteristics:
  - They are accountable for achieving specific common goals.
  - They function interdependently.
  - They are stable.
  - They have authority.
  - They operate in a social context.
- Companies build and support teams because of their effect on overall workplace performance, both organizational and individual.
- Work teams may be of several types:
  - In the traditional manager-led team, the leader defines the team's goals and activities and is responsible for its achieving its assigned goals.
  - The leader of a self-managing team may determine overall goals, but employees control the activities needed to meet them.
  - A cross-functional team is designed to take advantage of the special expertise of members drawn from different functional areas of the company.
  - On virtual teams, geographically dispersed members interact electronically in the process of pursuing a common goal.

## Check Your Understanding

Answer the question(s) below to see how well you understand the topics covered in this section. This short quiz does **not** count toward your grade in the class, and you can retake it an unlimited number of times.

Use this quiz to check your understanding and decide whether to (1) study the previous section further or (2) move on to the next section.

<https://assessments.lumenlearning.com/assessments/209>

1. Kimball Fisher, *Leading Self-Directed Work Teams: A Guide to Developing New Team Leadership Skills*, rev. ed. (New York: McGraw-Hill Professional, 1999). See Jerald Greenberg and Robert A. Baron, *Behavior in Organizations*, 9th ed. (Upper Saddle River, NJ: Pearson Education, 2008), 315–16. ↩
2. Jerald Greenberg and Robert A. Baron, *Behavior in Organizations*, 9th ed. (Upper Saddle River, NJ: Pearson Education, 2008), 316; Leigh L. Thompson, *Making the Team: A Guide for Managers* (Upper Saddle River, NJ: Pearson Education, 2008), 5. ↩
3. *Source*: Adapted from Edward E. Lawler, S. A. Mohman, and G. E. Ledford, *Creating High Performance Organizations: Practices and Results of Employee Involvement and Total Quality in Fortune 1000 Companies* (San Francisco: Wiley, 1992). ↩
4. See Leigh L. Thompson, *Making the Team: A Guide for Managers* (Upper Saddle River, NJ: Pearson Education, 2008), 8–13. ↩
5. Leigh L. Thompson, *Making the Team: A Guide for Managers* (Upper Saddle River, NJ: Pearson Education, 2008), 9. ↩
6. Charles Fishman, “Whole Foods Is All Teams,” *Fast Company*.com, December 18, 2007, <http://www.fastcompany.com/node/26671/print> (accessed October 11, 2011). ↩
7. Human Technology Inc., “Organizational Learning Strategies: Cross-Functional Teams,” *Getting Results through Learning*, <http://www.humtech.com/opm/grtl/ols/ols3.cfm> (accessed October 11, 2011). ↩
8. See Stephen P. Robbins and Timothy A. Judge, *Organizational Behavior*, 13th ed. (Upper Saddle River, NJ: Pearson Education, 2009), 340–42. ↩
9. See Jennifer M. George and Gareth R. Jones, *Understanding and Managing Organizational Behavior*, 5th ed. (Upper Saddle River, NJ: Pearson Education, 2008), 381–82. ↩
10. “Lockheed Martin Chooses Mathcad as a Standard Design Package for F-35 Joint Strike Fighter Project,” *Adept Science*, September 23, 2003, (accessed October 11, 2011). ↩

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