



## **Top Team Effectiveness – What CEO's Should Do**

A study undertaken by Ernst and Young Centre for Business Innovation showed a direct link between top team effectiveness and company valuation. The survey concluded that 35% of an investment decision was driven by non financial data such as "execution of corporate strategy" and "management credibility". Moulding and shaping the top team is a key function of the CEO's role but few get it right. What are the characteristics of an effective top team and what can a leader do to deliver top team effectiveness?

### **How do you define a team?**

A real team has a task that demands a high level of interdependency – something that can only be accomplished together as a team. The team also has reasonably stable boundaries so that membership is not constantly changing and it is easy to tell who is on the team.

### **What makes for an effective team?**

Richard Hackman of Harvard University, working with the Hay Group, identified five conditions of top team success:

- Clarity of Direction
- Appropriate Structure and Rules of Working
- Right Mix of People
- CEO Support and Sponsorship
- Individual and Team Development:

It is easy to make the assumption that a top team made up of successful, strong willed individuals, does not require help from the CEO. However, the research that Hackman and others have done comparing highly effective top teams with average or poor performing teams suggests the CEO can and should play a key role in ensuring the team's success.

### **What the CEO can do:**

1. Establish a clear and compelling direction

Leaders of effective teams communicate a vision to the team rather than assume that the team shares it. If the leader doesn't communicate this vision a vacuum is created, one that all members rush to fill with their own individual priorities and goals. These individual goals do not add to the collective or interdependent goals.

In short, leaders of effective teams must recruit team members with empathy and integrity and lead by example by speaking their mind and 'walking the talk'.



## 2. CEO Support and sponsorship

CEO's can ensure the effective performance of the top team by providing information, data and resources to deliver the team goals.

Compensation structures which encourage and reward team members who buy in to the team goals, send a strong message about what a company values.

In short, leaders of effective teams support and reward team based behaviours

## 3. Provide Individual and Team Development

CEOs of outstanding top teams review team performance openly discussing how the team is doing, what it is doing well, what it is doing poorly and what its members have learned.

These same CEO's also provide individual coaching to team members.

In short, leaders of effective teams review performance and coach individuals and teams to get better.

An outstanding top team delivers real benefits: - they advance the CEO's agenda much more quickly than an average or poor performing team and they enable a company to weather the tough times more effectively (because all members share and buy in to the same vision). Outstanding top teams don't just happen – they are created and nurtured by the clever CEO who understands their power and value.

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