How does an executive team add value?

Executive teams usually comprise the direct reports to a chief executive. Their role can vary from a forum for information exchange and representation, to the high level decision making involved in the formulation and implementation of an organisation's strategy.

Executive teams have become increasingly central and critical to the performance of many organizations. One factor is that in complex organizations leadership is better considered as an organizational capability: the collective behavior of this team, rather than just leadership of the chief executive or the individual behaviors of each team member. Under these conditions the team can create distributed leadership than permeates throughout the organization. This distinction is particularly important for service and knowledge worker organizations, and where cross silo integration is required to achieve organizational outcomes.

In this article I will consider three aspects of an executive team and suggest ways in which you could support your team and enable it to enhance its performance. The starting point is to identify the agendas that the team needs to address in terms of their organization's *current performance* and *future relevance*. The second dimension relates to the size and particularly the membership, characteristics and skills of the team. And the third dimension relates to how it functions: are the team members interacting and contributing in ways that enable it to deal with its agendas successfully ?
Figure 1
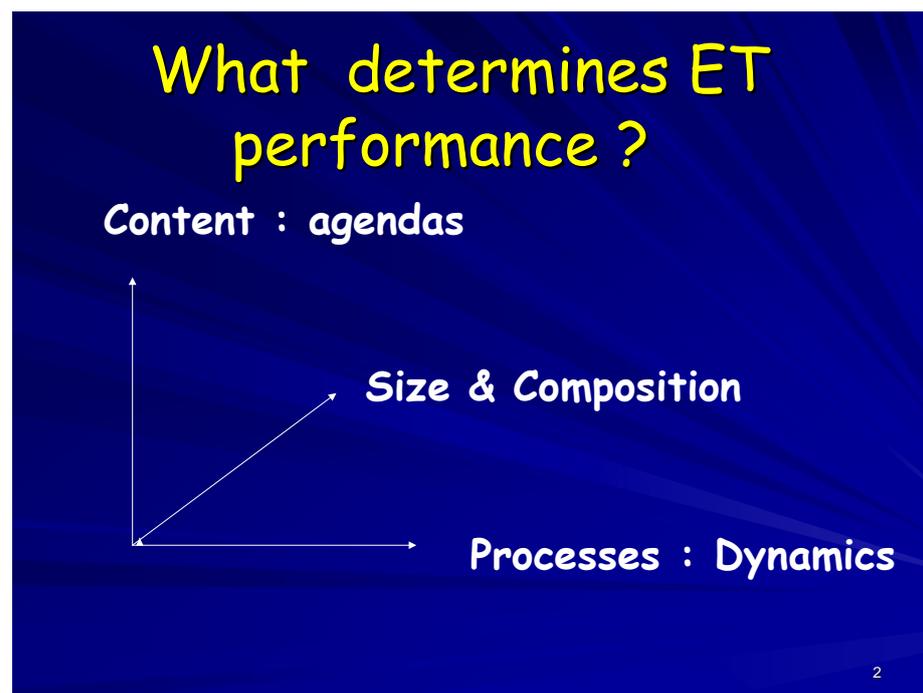
Team Focus and Agendas

The challenge that confronts every executive team is to balance its attention and contributions between managing their *organisation's current performance*: how can we as a team extract more from our existing business model? and *sustaining the organization's continued relevance:* how can we as a team ensure the organisation's future success? And as the life cycle time of business models and strategies continues to shorten in many industries, the tension between these two imperatives increases.

Pressures for improving current performance are tangible, immediate and often urgent; the need to spend more time on renewal under these circumstances is difficult, not the least because renewal is often less tangible, less immediate and it requires a different skill set. Current performance is often best approached with the benefit of logical rational analysis, diagnosis and resolution. It often requires cost reduction management, the quest for continued efficiencies, restructuring, the reallocation of resources and improvements to quality, innovation, service or problem solving. These contributions are often guided by robust corporate and business planning, activities which rely heavily on logic, rationality and convergent thinking.

In contrast, the timing, focus and nature of organisational renewal often relies on discontinuities that are thrust on or created by the organization. Flight Centre had both a powerful business and HR model based on scale and service until airlines sought to disintermediate by going directly to customers via the web. Similarly a change of government often creates a discontinuity in objectives, priorities and policies that demand major shifts in how the public sector adds value and operates. Thus the need for renewal can arrive unexpected or unwelcome. Renewal often demands major changes in objectives, strategies, organizational design and functioning. In turn, the executive team must shift its focus from issues of performance enhancement to reinventing the organization. At any point in time the team needs to identify and agree on the balance between these two forms of value add. Figure 2 depicts this issue visually.
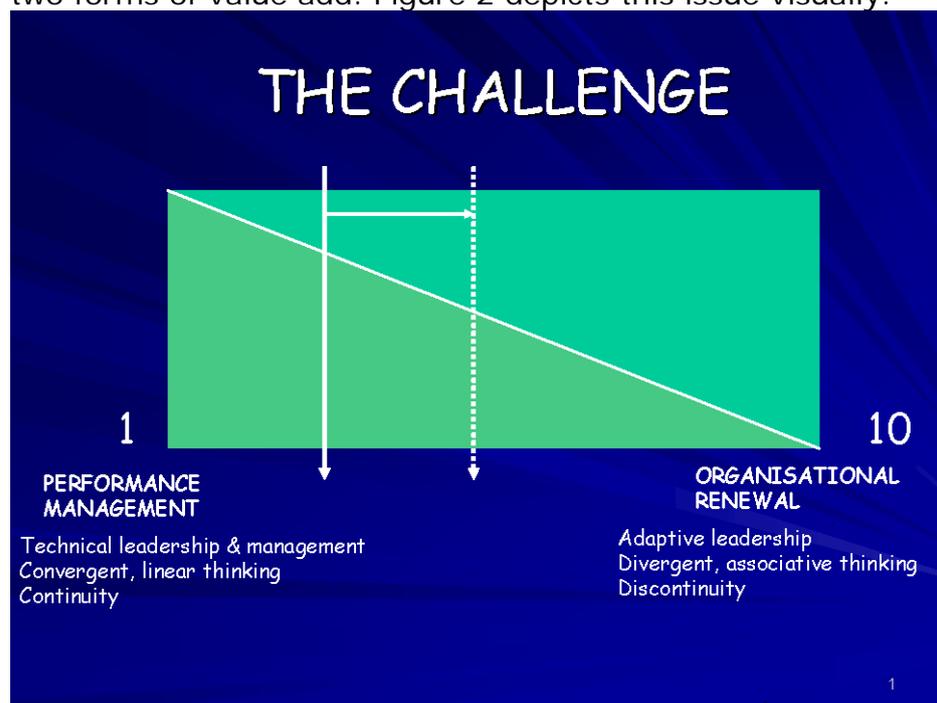
What is particularly important is to achieve alignment within the team as to what is the required balance and then what are the appropriate agendas that will address the demands of these two qualitatively different contributions. A tool such as the Nominal Group Technique* is an effective process to map the team's thinking, to provide a basis for constructive controversy, and to reach agreement on the priority agendas on which the team should focus.

Team Composition

Once the agendas have been agreed it is possible to review the composition of the team and to determine if it has the skill sets and knowledge to deal effectively with the challenges represented in the performance and renewal agendas. Two issues are noteworthy. First, if the issues are complex then team diversity is essential; complex decisions and problems are better handled by teams characterized by diversity of background, education, experience and perspective. In this regard it may be necessary to complement the team's membership as it deals with some issues in order to create sufficient diversity. Second, after a long period of stability in an organization the team may be dominated by members who are more adept at performance management than renewal. Thus the team may then lack the skill sets to deal effectively with discontinuities and the breakthrough thinking that may initially be necessary for successful renewal. For few managers are equally effective at performance enhancement and organisational rejuvenation. Figure 3 depicts this issue.
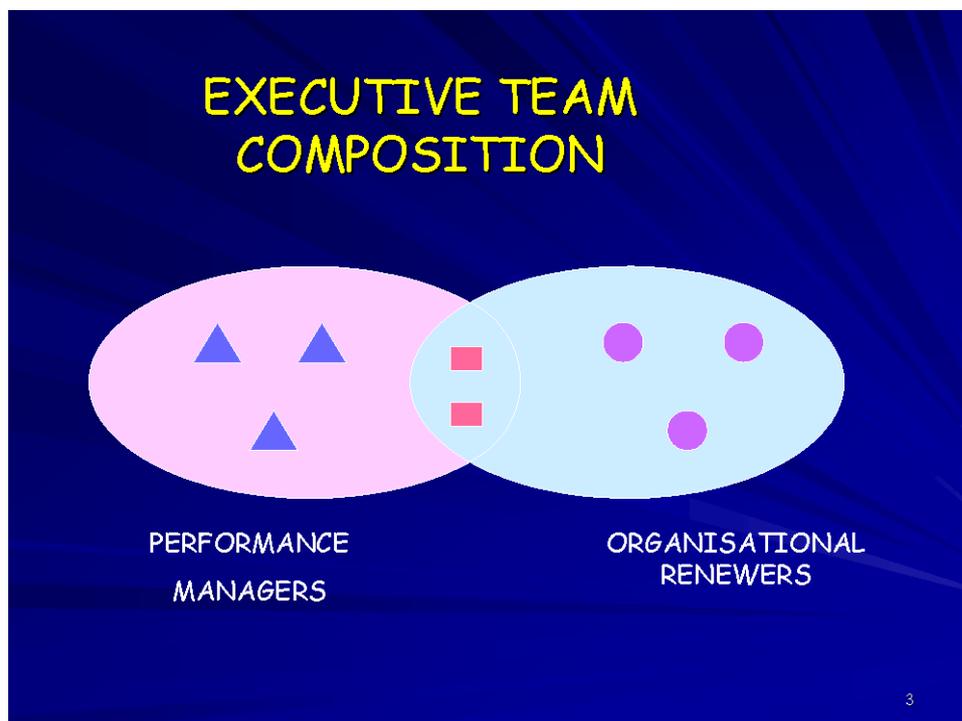
Team Dynamics

Finally, an executive team may have identified the right focus and agenda, and may be made up of an appropriate mix of members but may be so dysfunctional that it fails to reach its potential. Problems at this level can have their origins in the fact that the behaviors and achievements that won members a seat at the table can now be toxic for effective team performance. Building alignment and productive team dynamics can be a tortuous and fragile task. One initiative that you could take is to build agreement around a team charter: what are the behaviors that will ensure effective functioning of our team? Examples include the need:

   1.   to "talk straight";
   2.   to learn how to mange the interpersonal conflict that often results from constructive controversy;
   3.   to build "cabinet solidarity" so that team members retain their commitment to team decisions that may not necessarily be in their interests of their own are of responsibility; and
   4.   to monitor team dynamics at the same time as making team contributions

   may all be prerequisites for effective team functioning. Again the Nominal Group Technique is a quick and reliable way to gather and prioritise the team's ideas about appropriate team behaviors. The inclusiveness of this process can enhance the ownership of the elements of the charter. Note that in the first instance the team rather than the chief executive should hold individual members to account for meeting the demands of the charter. In addition, it is useful to gather information from the team's direct reports as to whether they see the team behaving in ways that are consistent with the agreed charter.
   Finally an instrument such as the Team Performance Review Scale* can be used to systematically and regularly monitor the team's functioning and to identify areas for development.

In summary, executive teams are playing a more central and critical part in the provision of organisational leadership and management. Our understanding of leadership is shifting from the role of the individual leader to leadership as collective behavior: the capacity of an executive team to provide distributed leadership to their organization. This shift opens up opportunities for HR leaders to add unique value by coaching the team for higher performance and development. Such role modeling from the executive team can then have a cascading effect by signaling accountability for success and the importance of ongoing individual and team development throughout the organization.