



Team Coaching Senior Practitioner Part 2

READING MANUAL

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This manual contains diagnostics, handouts (for training team coaches and to use with teams being coached) and background reading on team coaching.



Managing Virtual Teams: Ten Tips

From Prof. Sebastian Reiche, Professor of Managing People in Organizations at IESE Business School

Management expert Sebastian Reiche, professor at IESE Business School

Tip 1: Be available

Leaders in particular should maintain constant contact and build both the working relationship and the social relationship.

Tip 2: Organize regular meetings with both individuals and the whole team

Both online and, if possible, face to face twice a year or more.

Tip 3: Encourage informal conversations

Encourage the team to share their feelings and chat informally whenever they can. Having a Facebook or similar social network can be very effective in sharing personal news and views.

Tip 4: Rotate

Enable people wherever possible to spend some time in each other's locations.

Tip 5: Be creative with team bonding

He recommends, for example, when the team has had a success, to send a small present to all its members and get everyone to open it at the same time during a video call.

Tip 6: Treat time zones fairly

Rotate who has to join virtual meetings at unsocial times.

Tip 7: Prioritize cultural sensitivity

Educate people about different cultural expectations and create a forum to bring minor niggles, resulting from cultural myopia, to the surface.

Tip 8: Invest in socializing pre-existing teams

Says Reiche: "If you inherit a strong pre-existing sub-team (everyone knows each other and works excellently together) – bear in mind that these teams may create even more barriers if they begin working virtually with other, unfamiliar, team members."

Tip 9: Look for shared understanding when recruiting

Give preference to people, who have worked internationally and who share similar experiences.

Tip 10: Manage expectations

For example, is it realistic for members to expect a transfer or even visits to HQ? Explore openly with team members what opportunities they see and expect from being in this team.

Why line manager coaching often doesn't work and what to do about it

Here's a typical story: *Peter was away from the office for three days. Most of the team thought he'd been on a business trip, but when he returned, he was keen to tell them about the course he'd been on. "From now on," he told them, "I'm not just the team leader. I'm the team coach. Instead of telling you what to do, I'm going to help you work things out for yourselves."*

For the rest of the day, Peter responded to requests for advice with questions such as "What do you think would be the best solution?" or "If you did have the answer, what might it be?"

At first, members of the team were bemused – one commented behind his back "I don't know what pills he's been taking, but I'd quite like to get some!". Then they became irritated, with a sense that they were being manipulated.

After three days, a minor crisis arose with a customer. The entire team breathed a sigh of relief when Peter's behaviour suddenly reverted to normal. The crisis only lasted a couple of days afterwards, after which, although Peter occasionally made half-hearted attempts to return to the coaching approaches he had learned on the course, he and the team were essentially "back to normal".

In interviews with hundreds of line managers and their teams over the past five years, this story – or ones like it – typifies what happens when line managers go on "sheep dip" programs to learn how to coach. The three days it took Peter to revert to type is about average. Time and time we hear from heads of HR or Training and Development that millions of dollars invested in trying to turn line managers into coaches have had minimal effect.

It's not surprising, then, that many coaching pundits (and particularly those with a vested interest in promoting the virtues of externally resourced, professional coaches) maintain that line managers by and large can't at the same time be coaches. Based on the experience of a small number of pioneering employers in England, that's not a view we subscribe to. Although there are, indeed, considerable practical barriers to effective line manager coaching, these **are** possible to overcome. The key, these organizations have found, is shifting the focus of change from the line manager alone, to the team as a whole.

What appears to be happening is this. After a relatively short time working together, teams and their managers develop norms of behaviour, based on assumptions and mind-sets that can be surprisingly inflexible. What happens between them has become a system and one of the fundamental laws of systems is that, when one part of a system undergoes change, the rest of the system works hard to bring it back into equilibrium – which usually means to return it to the way it was before. So when the line manager attempts to adopt a coaching style, resistance is inevitable, not least because it takes everyone outside of their comfort zone. The manager usually lacks confidence in applying their new learning and therefore tends to be rather mechanical and obvious in applying whatever model they have been taught. It doesn't help, either, that simplistic coaching models, such as GROW, have only limited relevance to complex, behavioural change. The coachee has little understanding of what is going on, and can't help the process a great deal. Where the coaching succeeds in making the coachee think deeply, it is an experience, which can readily bring out strong

emotions of threat and insecurity. For both coach and coachee, coaching is hard work, both intellectually and emotionally – and neither may have signed up for that. So any opportunity to opt out may be seized upon with both hands.

A study by Stephen Ferrar, for Oxford Brookes University, identified a range of behaviours and habits by line managers and their teams, which exacerbate the problem. Among these are:

- The tendency for managers and direct reports to fall into “parent-child” roles in any conversation
- The sense that both parties may have hidden agendas (for example, on the manager’s part about their plans to reorganize the team and on the employee’s part about how long they intend to stay with the company)
- Conflict between the employee’s desire for some things to remain confidential and the manager’s accountability for the welfare and performance of the team as a whole
- Conflict between pressure to deliver short term task objectives and the longer term development needs of team members
- Groupthink. People, who work together, tend to adopt the same filters on the world around them and have the same blind spots. Paradoxically, the better the relationship between line manager and learner, the more likely this is to be the case.
- Inequality in who gets coaching. Time pressures often mean that the manager concentrates coaching on particular individuals or subgroups of the team. This could be either because he or she sees they have bigger performance problems, or greater potential. If the former, people often resent being “picked on”; if the latter, other people resent being left out. In such situations, the line manager/ coach can’t win!

So why are we optimistic about the potential for line manager coaching? One reason is that it is possible to change the environment by challenging assumptions, which underlying current practice. For example, there is a general, if often implicit, assumption that coaching is something done *to* direct reports, rather than *with* them. When the coaching process is owned by both coach and coachee, and both take accountability for making it work, then the coachee helps the coach help them. An immediate effect is often that people approach their manager to seek coaching, rather than wait to be told they need it. Moreover, wherever we have seen teams, which demonstrate a coaching culture, the role of the manager is not to do coaching but to create the environment, where coaching happens. So team members also coach each other and, in many cases, coach their boss. (One of the simplest things a manager can do to encourage this kind of mindset is to share their own personal development needs with their team and ask for their feedback and help!)

Another false assumption is that people can be taught to coach in one intensive burst of training. This might be true, if coaching were simply a skill or process, but in reality it is a mindset and a relationship. As such, it takes time to “get into the blood”. It requires months of collaborative practice to build competence and confidence.

Which is why companies such as Asda and University College London have focused on creating a coaching environment in work teams. Teams and their managers in these initiatives learn about coaching in a series of modules, which require them to complete learning materials (for example, podcasts, reading material and self-diagnostics) individually, reflect upon them and then share their reflections in a team meeting, which may or may not be facilitated by someone outside the team. The first module is always one covering the benefits to the team and the business from embracing coaching behaviours.

Critical to the process are psychological safety, although this may take time to establish, and relating the learning at each stage to current issues facing the team. In this way, the habit of coaching becomes ingrained.

The lesson of that companies take this approach draw is that assisting teams to have learning conversations about coaching makes it more relevant to them and greatly reduces the impact of barriers to coaching. In particular, these teams find it easier to identify and confront behaviours that undermine coaching.

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How to build a coaching culture in work teams

A couple of years ago, I started to gather anecdotal evidence about the effectiveness of sheep-dip training for line managers as coaches. (Typically a two or three day "Line Manager as Coach" workshop.) The results were even worse than I expected. Many managers went back to their teams and reverted to their old behaviours immediately. Others tried to behave as they had learned, but found that within a few days, they were back to normal.

What had gone wrong? As I listened to their stories – and in some cases also listened to their teams talking about their experience of the same events – it became clear that this failure was nigh-on inevitable. Line managers and their teams form a complex system. Over time, they develop patterns and habits of working together, and these can be hard to break. Once a system is established, it will react to any change from within or without by attempting to revert back to the way things were before -- even if those ways were dysfunctional. Given that coaching, when done effectively, can be quite an uncomfortable experience, it is hardly surprising that the system sought to return to equilibrium. From these experiences, we captured a number of significant groundrules for embedding coaching within work teams:

*If you are going to change the system, you have to change the **whole** system.*

Change one part and the system will resist. Change the whole and you have a high chance of making the change stick. In the team context, it is critically important to engage the whole team – manager and all his or her direct reports – in understanding and supporting the change to a coaching culture. An analogy with just training the line manager is ball-room dancing. If only one partner knows how to tango, a couple is not going to do well! In a team with a coaching culture, everyone understands the basics of coaching and can coach everyone else. (That includes, on occasion, the line manager being coached by a direct report!) Equally, everyone needs to know how to *be* coached, so they can help the coach help them.

Acquiring the coaching mindset takes time.

Coaching is both a mindset and a skill set. A concentrated workshop can provide basic knowledge, skills and some opportunities to practice in a safe environment outside the team. But the impact of coaching typically happens between coaching conversations, when the learner reflects on insights, ideas, issues and intentions. It seems that learning to coach and be coached is most effective when broken up into relatively small chunks, with sufficient space (at least a couple of weeks) to reflect, absorb and practice using what has been learned.

The line manager and the team need to have clear expectations of each other.

Research identifies a long list of potential barriers to effective coaching by line managers, from being seen to have their own agenda, to finding it hard break out of parent-child behaviours. All of these can be overcome, if the line manager and the team have clear expectations about the nature and purpose of coaching. One of the big mindshifts needed is from the assumption that the line manager will do coaching to team members, to the recognition that their role is to create the environment, where coaching happens. (The coach may be another team member or someone from outside, as well as the manager.)

The change process needs to be supported

Within the team, developing an environment of psychological safety is closely correlated with speed of acquiring a coaching culture. At the same time, teams progress more confidently if they feel that their learning journey is supported from outside, for example, by senior management. External support may take the form of a specialist team coach or facilitator – an outsider with the skills to help the team deal with issues such as unsurfaced conflict, or clarifying the team purpose.

Learning needs to be related to current issues for the team

Teams focused on delivering demanding targets don't have a lot of time for the abstract and theoretical. They do want to know what the benefits of achieving a coaching culture will be (both individually and collectively), but, for the most part, they want to see how what they are learning can be applied to practical and relatively immediate issues the team faces in delivering what is expected of it.

Putting this learning into practice – an experiment

We took our conclusions to a number of large UK and multinational employers and shared some ideas about how to design an approach that would address all the issues we had identified. The result is a series of experiments, in sectors from retail to higher education. The core of the experiment, in each case, is an on-line learning resource, consisting of podcasts, self-diagnostics and background reading. The number of modules varies according to the depth of learning required and the logistics of learning management in each organisation. Each member of a team is expected to work through these materials (taking typically no more than one hour) before the team meets for a *Coaching Conversation* – a session, often attached to the end of a regular team meeting, where they explore their learning from the pre- work together and discuss how they will apply it in their own environment. These sessions may be facilitated by an outside, or by the team leader (the experiments allow eventual comparison between the two approaches). They contract with each other to practise skills and processes they have learned. Over the course of the modules, the team is expected gradually to become more confident and capable of using coaching processes and the coaching mindset becomes engrained in the way they think about work issues generally.

First measures from these experiments are very positive, but we require a more, verifiable data before drawing clear conclusions. What we have learned is that a requirement of this form of learning – which, if not unique, is certainly uncommon – is a high degree of flexibility about how the materials are structured and presented, what order the team works through them, the pace and timing of the team's learning, and how it applies learning to work issues.

Both we and the organisations engaging in these experiments with us are very excited about the possibility of using this approach to bring about wider cultural change. Our expectation is that the development of coaching cultures within work teams will be highly instrumental in stimulating an overall organisational coaching culture. This is likely to be the subject of future research, using diagnostics of progress towards a coaching culture, at both team and organisational levels.

Beyond team coaching – coaching teams of teams

Just as focusing on individual performance doesn't necessarily lead to improved collective (team) performance, high performing teams don't necessarily work together to deliver a high performing organization. In his book *Team of Teams*, retired US general Stanley McChrystal offers a number of examples of how functional silos within organisations or even within departments can undermine performance overall. Every increase in the efficiency of a narrow slice of the organizational system can reduce the effectiveness of the whole.

These insights are not completely new, of course, but it is only now, as team coaching becomes increasingly entrenched in organizations, that the focus is beginning to shift to the wider system beyond the team. The emerging challenge is: how do we apply what we have learned about coaching teams to coaching multiple, interdependent teams?

The PERILL model was the first significant attempt to apply complex, adaptive thinking to work teams. It identified from extensive literature analysis, six factors that interact to drive or hinder collective performance. At their simplest, these factors interact in three dimensions but there will be times and situations when all six are influencing and being influenced by each other. The six factors are:

- Purpose and motivation: having a clear reason for being and a clear direction that energise and capture the imagination of team members. When individual and collective identity coincide around a common purpose, great things are possible.
- Externally-facing systems and processes: how the team interacts with its various stakeholders, how it understands those stakeholders and they understand it, how the team manages conflicting expectations, obtains resources etc
- Relationships: factors, such as trust, respect and genuine concern for each other's welfare, which enable close collaboration
- Internally-facing systems and processes: in particular, work design and interdependencies, communication and decision-making
- Learning: how the team enhances its performance (how it does today's tasks), capability (how it enhances its skills and resources to tackle tomorrow's tasks) and capacity (how it does more with less)
- Leadership: the moderating factor that influences whether each binary combination of other factors is expressed positively or negatively.

What is a Team of Teams (TOT)?

Traditional organizational structures have a hierarchy of teams, with leaders of individual teams linked within a team of managers, who in turn are linked into more senior manager and leader teams. Communication happens up and down through these managerial "linking pins". A team of teams may or may not have formal leaders for each team but communicates through about multiple points of connection between teams horizontally, vertically and transversally. While traditional structures aim to produce greater efficiency, TOTs aim to increase effectiveness and agility.

How can teams of teams build shared purpose and motivation?

MIT's Strategic Agility Project (Sull et al, 2018) provides a disturbing review of strategic awareness amongst leaders and middle managers. It reveals that strategic alignment

amongst executives and managers is consistently overestimated, with only slightly more than half of top teams agreed on the highest three strategic priorities and only 22% of their direct reports able to name the top three priorities..

Among practical approaches team coaches can initiate are:

- Encouraging every team to create and share a narrative about what the organizational purpose looks like from their perspective and what they can best (and or uniquely) contribute to achieving the purpose. Sharing these stories with other teams in the TOT structure allows them better to understand and appreciate each other – but also to develop a clearer consensus about what they need from each other to achieve their part of the purpose and what they can do to support each other.
- Identify in each team the tasks its members find most and least energising. This gives birth to opportunities for creative swapping – re-design of tasks and roles that make more flexible use of the energy within the whole TOT system.
- Explore the concept of interconnected responsibility. Just as individually-based reward systems undermine teamwork, so teams can develop an internal focus on their responsibilities. Making at least one third of each team’s key performance indicators (KPIs) reflect contribution to *the system* changes attitudes and behaviours, so that teams take partial responsibility and ownership for other connected teams’ performance, capability and capacity in respect of achieving the collective purpose.

How can teams of teams enhance how they interface with stakeholders and the external world generally?

The external interfaces of each team will have some similarities with those of other teams in the system and some unique connections. In many cases, this will mean interacting with the same external system of systems, but at different points. So, for example, while the executive team might be connected with its counterpart in a major customer, teams at lower levels might be connected with users of the products or services. In a typical organization, data from these interactions passes up and down functional silos. In a genuine TOT, information is shared equally horizontally, vertical and transversely.

As a team coach, we might facilitate a team in developing better ways of listening to and capturing information from its stakeholders. With a TOT, it’s important to be aware of and capture information relevant to other internal teams as well. Critical questions include:

- How is this information relevant to achieving our collective purpose as a TOT, as well as for our team on its own?
- How do we listen to stakeholders with the ears of other TOTs?

Stakeholder mapping is usually carried out at either an organizational or a team level. In a TOT, these two levels of mapping can be integrated in an intermediary level, which shows the overlaps between individual teams and connects directly to both team and organizational purpose.

How can teams of teams build more effective, collaborative relationships?

Psychological safety and the trust that it builds are fundamental to the performance of individual teams. Achieving similar levels of trust *between* teams is challenging. Our tribal instincts kick in very easily, leading us to view “outsiders”, who we should be collaborating

with, as rivals for, for example, resources, attention, or reputation. Building inter-team trust is not greatly different from building trust within teams. Practical approaches include:

- Sharing personal histories and team histories. In a merger situation, rapid integration can often be achieved when two teams share with each other “How we became the team we are now”.
- Sharing each team’s values. There is usually a great deal of commonality, which may have been downplayed in an atmosphere of rivalry. Rediscovering the connectedness between them promotes understanding. Where there are differences of values, rather than engage in “right and wrong” mindsets, the two teams can explore how the diversity of values can enhance how they work together to support the shared purpose. (One outcome can be redefining work roles, so that aspects of the task that don’t energise people in team A, are seized with enthusiasm by people in team B.)
- Having swift and respectful processes for resolving inter-team conflict. Existing conflict / predicting future conflict. Clarity about behaviours that build and undermine trust and reviewing what happens in reality.
- Physical location – having a desk in the other team’s work area, to encourage regular human interaction
- Having an agreed *trust recovery process*. This recognises that trust does get broken from time to time and that, rather than let it fester, both teams have a responsibility to repair the damage as quickly as possible. Two key principles underlie an effective trust recovery process. One is that this is a learning opportunity. The other is that with humility and a continued focus on collective purpose, trust may be strengthened by the experience.

How can teams of teams develop better shared systems?

Team coaching can help with two key systems:

- How do we communicate and coordinate across TOTs?
- How do we make fast and accurate decisions that involve several TOTs?

A knee-jerk response is to make everyone aware of everything, which is likely to result in vital data being buried in an overwhelming mass of trivia and irrelevant data from every other TOT. McCrystal recommends pushing decision-making to the lowest practical level. For this to be effective, however, teams need shared communication and decision-making protocols and – over and above this – an instinctive understanding of what other teams need to know.

Artificial intelligence has much to offer in terms of learning when and where to route information of this kind, but a great deal can be achieved by old-fashioned conversation. Regular and ad hoc inter-team reviews of cases – both ones that went well and one’s that didn’t – can build collective instinctive understanding of what needs to be transmitted along with the level of urgency. They also reinforce shared accountability. The systems that genuinely enhance collaboration between TOTs are rarely imposed top-down – they are a continuous, emergent learning process that constitutes collective, adaptive intelligence.

A pragmatic set of coaching questions to explore communication between teams is:

- What information that we could provide would be most helpful to you in making good decisions?
- When will it be most helpful?
- How can we provide it in the most helpful way?

To facilitate these conversations, team coaches can work at the interface between teams, supporting them when they come together to determine what decisions require or will benefit from input from more than one team. Among questions that are helpful here are:

- Who is best positioned to make this decision (e.g. from a position of timeliness, and having sufficient information to assess the situation)?
- Who should input into the decision, how and when?

Although there may be some argument and give and take, recasting decision-making as a collaborative activity between teams helps to break down the “them and us” boundaries even further.

How can teams of teams better learn together?

Much of what has been described above is in essence about co-learning across team boundaries. When coaching individual teams, a *team development plan*, which links personal development with team development and the business plan is an increasingly common and practical approach, now standard for all coaches, who have trained through Coaching and Mentoring International.

It is much more difficult to identify and manage learning that is needed across and by the system, but the same principles apply. Team development plans can be amalgamated into TOT development plans that link directly to the organizational purpose. An outcome of doing so may be the identification of hidden centres of excellence – small but valuable caches of experience and skill that can be enhanced and made more widely accessible, if other teams know about and value them.

The TOT development plan plays a vital role in regular (at least annual) reviews of learning by the system. Team coaching focuses on helping teams improve performance (what they do), capability (what it will be able to do in the future, if it acquires the knowledge, processes and resources) and capacity (how it will do more with less, as Peter Hawkins expresses it). TOT development plans address the same issues and help teams think beyond their own horizons, expanding the collective consciousness and reinforcing responsibilities to the system rather than just to a team or an individual job description.

How can teams of teams use leadership to greatest effect?

Leadership is not the same as being a leader. Traditional hierarchies focus on the role of the leader, who is expected to be in control of everything, but increasingly can't. The linking pin model of organizations assumes that leaders at one level will become a team under a leader at the next higher level. It breaks down, of course, because it requires only one weak link for the chain to break. Effective team coaching clarifies the functions of leadership and enables the team to explore together how these might best be delivered. A typical outcome is that the appointed leader knows how best to add value and that they are valued by the team. It also frees them up to focus on tasks that are more important to building future capability and capacity.

Within a TOT, leadership may need to be expressed differently within teams that have different roles in relation to the organization purpose. As in an individual team, this diversity within a TOT has potential to be both a strength and a weakness. Looking through the lens of leadership functions helps us to understand the leadership system in a much more

perceptive way. It requires a mental shift in managers at all levels from seeking to control the TOT to facilitating it.

Collective coaching conversations enable the formal and informal leadership structures to listening to what the system needs. For example, where is it oscillating in ways that will interfere with performance and where are patterns emerging that should be encouraged and reinforced?

Where do we go from here?

A literature search on TOTs reveals very little on team coaching in this context. Clearly, we have much to learn! Equally, this provides an immense opportunity for experienced team coaches to expand their portfolio.

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The team development plan

The aim of a team development plan is to identify the collective learning needs of the team, in the context of:

- The team purpose and the capabilities needed to achieve it
- The support each team member requires from colleagues in achieving personal development goals, which may be related to team purpose or their own career self-management

Creating an effective team development plan requires seven steps:

1. Clarify what the team is there for (its purpose)
2. Clarify the knowledge, skills and other competences required to deliver the purpose
a) at good enough level and b) as a high performance team. (A useful question here would be: *What would be the impact of not having this competence at the appropriate level?*)
3. Agree which capabilities are needed across the team (i.e. everyone needs them), which are needed strongly only by some people and moderately or not at all by others, and which can easily be accessed from outside the team, when needed
4. Agree how these can be incorporated into the personal development plans of each team member
5. Each team member, including the leader, shares their full personal development plan
6. The team discusses in depth:
 - a. How can we take individual and collective responsibility for the learning that needs to take place?
 - b. How can we support each other's learning (e.g. by co-coaching)?
 - c. How will we monitor individual and collective learning?
 - d. When and how will we review learning?
7. The team development plan becomes a formal document, establishing:
 - a. Learning objectives
 - b. Individual and collective responsibilities
 - c. Resources required
 - d. Timescales

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Leadership functions: keys to changing team dynamics

A seminal paper on leadership functions identifies 15 functions divided amongst two mutually dependent phases of team activity (Morgeson et al, 2009). The first phase, called transition, consists of evaluation and planning activities. The second phase shifts focus to goal accomplishment.

Transition phase leadership functions, maintain the authors, include:

1. Compose the team – bringing together the best available people for the job, taking into account complementary competences and ability to work together for a common goal
2. Define the mission – clarifying the team purpose
3. Establish performance expectations and set team goals – goals which are appropriately challenging and motivating
4. Structure and plan – dividing out tasks and responsibilities, scheduling and so on
5. Train and develop team members – including through coaching by the leader
6. Sense-making -- defined as “identifying essential environmental events, interpreting these events given the team’s performance situation, and communicating this interpretation to the team”
7. Providing feedback – both to individuals and to the team collectively

Action phase leadership functions include:

1. Monitor the team – “examining the team’s processes, performance, and the external team context”
2. Manage team boundaries – “representing the team’s interests to individuals and groups outside the team in order to protect the team from interference as well as persuading others to support them” and co-ordinating activities with other teams
3. Challenge the team – its performance, assumptions and ways of working
4. Perform team tasks – “participating in, intervening in, or otherwise performing some of the team’s task work”
5. Solve problems – diagnosing and resolving issues that prevent performance
6. Provide resources – for example, information, equipment, finance and people
7. Encourage team self-management – empowerment, accountability and responsibility
8. Support the team social climate – encouraging positive and supportive behaviours between team members

While a superhero leader may take on all of these functions in their entirety, in most teams some of the responsibility – or at least the delivery – of every one of them can be shared with the team or distributed among them at least to some extent. From our studies of high performing teams, we can see examples for all 15 leadership functions:

- *Compose the team.* Where team members interview and have a strong voice in selection of new members, it tends to have a positive effect on whether a hire will work out. In part, this is because they are able to bring different and multiple perspectives, compared to relying solely on the leader’s impressions of the person. A moderating factor may be the team’s willingness to embrace diversity in new members.
- *Define the mission.* In practice, with the sometimes exception of the leadership team, the mission is provided from above. The task for the team and the leader is to interpret the mission in ways that make sense for the team and align with both corporate and team values. If the team is to embrace and own the mission, it *must*

have some input into its expression and the narrative around it. The mission then becomes a collaborative endeavour between the formal leader and the team members. In some cases, the team becomes the custodian of the mission. For example, in a hospital pressure from above to hit arbitrary targets led the leader of a clinical team to lose track of the team's primary mission (patient care). A principled stand by the team gave him the courage (and the ammunition) to resist the pressures upon him.

- *Establish performance expectations and set team goals.* When people set their own goals and performance indicators, they tend to be more demanding.
- *Structure and plan.* When the entire team understands the goals and the priorities, they are well-equipped to manage this process without the leader's input, or with the leader providing oversight and approval. Over the decades, I have encountered a variety of organizations, where teams self-organize, deciding their own priorities and even, in some cases, how they should be rewarded. In recent years, Frederic Laloux has documented multiple examples of the benefits of shifting responsibility for who does what and when to the team members and away from leaders external to the team.
- *Train and develop.* The leader of a team is not necessarily the most competent and knowledgeable person in relation to the tasks the team undertakes. (If they are, it is harder for them to step outside and above a focus on the task.) The idea that the role of a leader is to coach the team is widespread, but highly questionable. A definition more in line with current understanding of effective team leadership is that the leader's responsibility is to support the creation of a coaching culture, where everyone in the team may coach each other. (Ideally, including the team members coaching the leader.)
- *Sense-making.* The assumption that sense-making is a top down process, with the leader interpreting events in the light of greater knowledge of business strategy and the wider business context, may also be challenged as overly simplistic. The perceptions of internal and external customers. For example, may also play a role in sense-making and team member may have higher connectedness with these resources than the leader. Long-serving team members may also be better than a less experienced leader at linking current events with team history.
- *Providing feedback.* The literature on leader-member exchange is replete with studies that conclude managers are poor at giving developmental feedback. A recent *Harvard Business Review* report (Whitlock, 2018) found that 44% of managers found giving feedback stressful or difficult and nearly half of these avoided giving feedback. The literature on psychological safety (which is strongly linked to team performance) finds that honest feedback between team members (and from team members to the leader) are key indicators of a psychological safe environment. In a healthy team, feedback-giving in all directions is an essential attribute. Both the leader and team members also have the ability to gather feedback from external stakeholders, to inform how the team evaluates its performance.
- *Monitoring the team.* Transparent processes that allow the team and its leader to recognise when tasks are going well and less well and how the team is performing against agreed targets are very basic tools of management. But who decides what the measures should be, how to collect them and when they should be adjusted to new circumstances? There appears anecdotally to be a strong connection between employees' perception that a measure is or isn't helpful to their job roles and the emotional connection with and commitment to the measure. If this is correct, then it makes sense for team members to have greater say in the design and implantation of measures and how they are monitored.

- *Managing the boundaries.* Teams do not normally work in isolation. Every interaction with someone outside the team has an impact on team reputation. It can be argued that a responsibility of a leader is to manage reputation upwards, while team members take greater responsibility for reputation management horizontally and below.
- *Challenging the team.* In a study of team learning that I conducted with European Union funding some 20 years ago (Clutterbuck 1998), I identified a number of roles that team members played. These included roles related to challenging the team's assumptions, ways of working and so on. If the leader is the only one providing this kind of challenge, it creates the potential for the team members to abdicate their own responsibility for innovation and self-challenge. The argument is that the leader, being wholly or partial external to the team, has a clearer perspective. In reality, team members can just as easily invite customers to present to them. Moreover, new team members can provide valuable different perspectives in their first few weeks with them team.
- *Performing team tasks.* The balance of the leader's role between facing upwards and facing downwards can be delicate and vary widely with context. If the leader is inside or partially inside the team, they have greater potential to become a role model. The danger is that they do too much of the day-to-day work (often because they enjoy it) and not enough stepping back and stepping out. If the team and the leader can regularly discuss together what the team needs from the leader, then a healthier allocation of work may result.
- *Solve problems.* How many times have we heard the maxim "Don't just bring me problems; bring me solutions"? The leader as heroic fixer disempowers his or her team. A better option for high performance is to develop the skills of the team individually and collectively to be creative and innovate.
- *Provide resources.* By virtue of hierarchical authority and the links that that provides with resource-holders, formal leaders are arguably more likely to be successful in ensuring the team is allocated the resources it needs. But outside of the formal structures resource acquisition takes place through the relationships individuals have with colleagues in other teams. In a study of talent management (Clutterbuck, 2012) I was struck by the way that people demonstrated leadership qualities through informal interactions on the intranet. One of the conclusions of the study was that identifying issues that needed to be tackled (opportunities or problems), developing innovate solutions and bringing together the resources to implement those decisions often happened without any intervention from hierarchical leaders at all. People sharing ideas on the intranet would volunteer information and sometimes time to bring ideas from concept to reality. There is probably a threshold, where informal leadership of this kind has to give way to more structured processes in order to obtain the level of financial support needed. In the work team, however, making stakeholder engagement and resource acquisition a collective responsibility fits well within a digital world.
- *Encourage team self-management.* Yes, it's important for the leader to do this, but peer support is also a factor in how well people manage themselves. Collective self-management requires team members to accept responsibility for educating and supporting colleagues – for example, by coaching and mentoring.
- *The social climate.* It is often said that the leader creates the climate. Their mood affects that of everyone else in the team. Equally, the host isn't the only one who makes a party – the guests have a role to play, too. The social climate is underpinned by *fizz* (enjoyment of the work you do) and *buzz* (enjoying the company around you). The greater the say the team has in how work is allocated to fit with each member's

interests and energy and in who joins the team, the more positive the social climate will be, irrespective of the leader's mood!

Implications for team coaching

Critical questions team coaching may pose to a team and its leader include:

- What kind of leadership does this team need to best achieve its mission?
- Which functions of leadership are most important for this team?
- Which of those functions, if any, should be solely the responsibility of the leader?
- Which would be best delegated to the team itself?
- Which should be shared responsibilities?
- How can we assess the quality of how we implement these leadership functions?
- What additional resources do we need to distribute leadership in this way?

Facilitating open and perceptive conversations around these topics opens the teams' eyes to all sorts of possibilities. The leadership functions reviewed in this article provide a useful fall-back when the team is unable to clarify the most relevant leadership functions for its circumstances. However, expect to identify others not in this list. For example, Morgeson et al include protecting the team from interference as part of boundary management, but for many teams this is one of the most important roles they expect of a manager. In a case represented for review in a recent team coach training workshop, the leader's inability to provide that protection was a major cause of the team's dysfunction.

Overall, the job of the team coach is to help the team take a much more perceptive and nuanced view of the role of leadership and to distinguish between the *role* of a leader and the *functions* of leadership. The permutations of how the team and its leader might work together then become much, much wider.

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A chance to practice

The following instructions are for a role play. There are two coaches, working together, and six team members. All of the coaches and team members select one or more colleagues not playing a role to act as their advisors. You can pause the action at any time to consult with your advisor(s).

Alice is the new team leader for the marketing team of a chocolate manufacturer. Peter is the longest serving member of the team and was disappointed not to have been given the job when the previous leader – a very hands-on, directive manager -- retired. Katie is the youngest and newest member of the team, still taking her marketing exams. She feels she has a lot to prove, both as a junior and because of her sexual preference. Andrew is very detail oriented and may well be on the autistic spectrum. Angela is the conciliator and mother hen – constantly intervening to smooth conflict. She needs to feel wanted. Sometimes her own work suffers because she is too busy helping other people. Jose is highly creative and ambitious – and also often impatient with others inside and outside the team. The team has recently lost two members and a headcount freeze means they are unlikely to be replaced any time soon, so everyone is feeling under pressure.

Alice takes over the team at a time when performance has been flat, though not disastrous, for a couple of years. Her own boss has made it clear that a massive performance improvement is expected, in terms of both output and relationships with internal customers. She knows she has to demonstrate real progress within three months. This is the first team coaching session and the objective is to gain some clarity around how the team is going to improve its performance. There has been a meeting between the team and Alice, where she has explained the role of the team coaches and what she wants to achieve from team coaching.

Your Personal Development Plan as a coach

As coaches and mentors, we expect our clients to have and to review regularly a Personal Development Plan. But how do we respond, if they ask us about our *own* Personal Development Plans as coaches? In a series of workshops with coaches, less than 30% overall say that they have one.

Apart from maintaining credibility with clients, a Coach Development Plan (CDP):

- Makes the coach more mindful of how they are growing in comparison with the world of coaching and the needs of their clients (what might have passed for “good” a few years ago, now looks increasingly average)
- Helps maintain the humility essential to effective coaching (“I may have a lot of experience, but I’m still learning, too.”)
- Provides a rich source of topics for reflection and to take to supervision
- Gives focus and direction to the development of coaching skills, practice and philosophy.

Because a CDP is a very individual document, there’s no single “right” way to create it. However, the following questions can be helpful in designing a structured approach that fits your learning style and your preferred style of setting and pursuing learning goals.

- What skills do I most want to improve in? Or, what skills improvements in me would be of greatest benefit to my clients? Skills might, for example, include listening/mindfulness; self-awareness; systems awareness; or use of silence.)
- What tools, techniques or coaching constructs do I want to add to my toolbox? How will I ensure I understand them in sufficient depth to apply them safely and wisely? How will I integrate these with my existing toolbox?
- How can I *reduce* my reliance on models, processes, tools and techniques?
- What can I do to increase the quantity and quality of the feedback I receive on my coaching?
- How can I extend my learning network? Who can I use as role models of good practice?
- What do I need from my professional supervisor? Is it time to trade them in?
- How can I develop and more clearly enunciate my personal philosophy as a coach?
- How can I build my reputation?
- How can I build my self-confidence as a coach?
- How can I become even more authentic?
- Where can I find appropriate challenges to my assumptions about coaching and my role as a coach?
- How will I improve the quality of my reflections on my practice?
- When am I at my most/ least effective as a coach? How do I know? Who holds up the mirror to me as a coach?
- In what ways, do I want to stretch my boundaries of my coaching?
- What resources are available to support my development as a coach? (e.g. reading, social networks, role models, courses, supervision...). Who can I rely on to help me?
- What is my vision for the coach I want to be in 1, 2 and 5 years’ time?
- How much energy, time and other resources can I invest in making this vision happen?
- How will I know I’m making progress?
- And, of course, what else?

Practical ways of keeping the momentum of a CDP include:

- Reviewing it regularly with peers and supervisors
- Setting monthly targets in terms of knowledge acquisition (e.g. reading, attending courses or professional development events)
- Joining with peers in on-line or face-to-face learning groups
- Setting yourself a developmental challenge at least once a quarter
- With clients' permission, experimenting with different approaches that may extend your repertoire (but always prioritising their needs over yours)

It's axiomatic that a coach, who does not invest energy into their own development, is automatically limiting their effectiveness with clients. In contrast, coaches, who take their own development seriously are well equipped to establish and maintain a true developmental partnership with their clients – who are potentially the most powerful teachers of all!

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Where to sit for effective team coaching

Where people sit relative to each other in a meeting influences how they behave and the quality of conversation they have. Practical experience from team coaching sessions suggest the following good practices:

- Sit in an open circle, ideally without a table. (The table forms a psychological barrier and makes it easier for people to focus on their notes, rather than on the faces of the other people in the room.)
- Put the flip chart, if you are using one, outside the circle, so it doesn't become another "presence". If anyone wants to use the flipchart, or is invited to do so, they must come back into the circle to be included in the conversation. (While outside the circle, they may only record what others say. This includes the coaches!)
- The two coaches should sit so they can see each other (not side by side). An ideal position is a triangle with the team leader.
- Don't make the circle too large. The "four metre rule" says that everyone should be close enough to see everyone else's eyes clearly.

Case study / Role play

Two national finance teams – UK and Holland – of a multinational professional services firm are merging. The European headquarters of the firm is in London. The leader of the UK team has been moved aside, with the perception within the organisation that both he and his team have been lacklustre, if not failing.

The UK team:

- Has an average age of 43
- Sees its role as control and loss prevention
- Values accuracy, making fewer mistakes, "doing things right"
- Is grieving for their loss of autonomy
- Still feel some loyalty towards their old boss
- Tends to bury conflict
- Feels isolated from their new boss. They privately make a big thing of the fact that he visited the CEO in London, but didn't spend much time with them. (What they don't know is that he had to rush home to Amsterdam for a family emergency.)

The Dutch team

- Has an average age of 28
- Sees its role as finding creative ways of delivering the corporate strategy
- Has higher staff turnover
- Is more culturally diverse
- Enjoys conflict

The leader

- He has the ear of the European Finance Director and is mentored by another supportive member of the Exco; however, he is at loggerheads with some of his peers in other European territories (some of whom took the side of the UK leader, before he was moved aside).

The new combined team is relatively large (14 people), so the leader proposes to break it into smaller teams, with two people reporting directly to him from each country. As team coaches, you have been asked to help this smaller team achieve both greater clarity of shared purpose and higher performance. There are no clear definitions of what performance means in this context.

Extract from Jennifer Britton's chapter in *The Practitioner's Handbook of Team Coaching*

The focus in this chapter is on coaches who are working to support a virtual or remote team. Whether it is a global team, or a team spread across a major urban or regional center, virtual and remote teams have unique characteristics including:

- Different levels of autonomy and independence of each team member
- Time zone differences
- Culture differences
- The potential for team members being part of one or more matrix relationships
- Different levels of team affinity
- Lower levels of trust and connection

Sobel Lojeski and Reilly (2013) makes a distinction between "physical distance" and "virtual distance". Physical distance refers to teams and groups who are not co-located or in the same place at the same time, and use communication channels such as phone, web, email). Virtual distance makes reference to the separation created by function, culture and reporting structure. Teams can vary along these continuum.

They note from their research that "When Virtual Distance is relatively high the following critical success factors significantly degrade:

- Innovation falls by over 90% and competitive advantage is severely impacted.
- On-time/on-budget project performance suffers by over 50% and can cost a company millions of dollars.
- Trust declines by over 80%.
- Job satisfaction drops off by over 80%.
- Goal and role clarity decline by over 60%.
- Good citizenship behavior plummets by over 70%.¹

These are many of the reasons why a team coach may be engaged in the first place - to support a team in developing trust, shifting behaviors and create clarity around goals and actions. With this in mind, what are the things that team coaches may find different when working with a virtual or remote team? What are the areas they will want to explore further?

¹ K. Sobel Lojeski and R. Reilly, *Uniting the Virtual Workforce: Transforming Leadership and Innovation in the Globally Integrated Enterprise* (Hoboken, NJ: John Wiley & Sons, 2008).

Why rewards should be based on teams rather than individuals

Performance Management Insights Research Series

Jeremy Hope
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About Beyond Budgeting Institute and BBRT

The Beyond Budgeting Institute is at the heart of a movement that is searching for ways to build lean, adaptive and ethical enterprises that can sustain superior competitive performance. We promote a set of principles that lead to more dynamic processes and front-line accountability. Organizations that follow this approach transform their management model in line with these principles.

Our ideas are spread through the Beyond Budgeting Round Table (BBRT); a shared learning network

of member organizations with a common interest in transforming their performance management models to enable sustained, superior performance. BBRT helps organizations learn from worldwide best practice studies and encourages them to share information, past successes and implementation experiences to move beyond command and control.

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Why rewards should be based on teams rather than individuals

Abstract: Self-managed teams are not worthy of the name unless that all share the pain and gain of collective performance. Conversely, if recognition and rewards remain focused on individual performance then teams will never bond together. This paper examines the arguments for moving to a team-based rewards system and how some organizations have made this a key part of their decentralized management models.

Most business leaders believe in the power of individual rewards. They see the organization as a machine whose parts can be managed by understanding their 'cause-and-effect' relationships. People are an important part of this machine and their performance can be 'fine-tuned' by changing extrinsic motivators such as financial inducements. These beliefs can be encapsulated in the expression "Do this and you'll get that". Its management origins stem from the principles of scientific management set out by FW Taylor in 1911. It was based on piece work. However, relating pay to performance when individual output can be precisely measured is one thing, but applying this approach to complex modern organizations where success is more dependent on design, innovation, quality, and customer service, is another.

The problem is that knowledge workers now form that vast majority of the workforce in most organizations today. Whereas workers used to serve machines, machines now serve workers. While yesterday's car plants and textile factories employed few managers and thousands of "hands", today's financial services firms and software companies employ many managers and hundreds of "brains". Moreover, whereas industrial organizations were designed around separate functions, today's knowledge-based organizations (including most modern manufacturing firms) are designed around interdependent parts, so setting targets and incentives for each part doesn't make much sense.

Harvard professor of business administration, Robert Simons, believes it is impossible to separate the marginal contributions of individuals. He puts the question in this way: "When Ford launches a successful new automobile, how can senior managers calibrate the relative contribution of the design team that created the concept, the engineering team that developed and applied the new technologies, the marketing team that launched the product, and the division president who oversaw the entire effort? How do we measure the contribution of a single violin player in relation to the successful season enjoyed by a symphony orchestra?"¹

Pfeffer made a similar point when he said that, "individual incentive pay in reality undermines performance of both the individual and the organization. Many studies strongly suggest that this form of reward undermines teamwork, encourages a short-term focus, and leads people to believe that pay is not related to performance at all but to having the "right" relationships and an ingratiating personality."²

The evidence on the impact of attracting "star performers" is sobering. When looking at what happens after "star" investment analysts moved from one company to another, Groysberg found that bad things started to happen: "The star's performance plunges, there is a sharp decline in the functioning of the group or team the person works with, and the company's market value falls." In particular, "46% of the research analysts did poorly in the year after they left one company for another...their performance plummeted by an average of about 20% and had not climbed back to the old levels even five years later."³ Contrast this with the experience at NUMMI (New United Motor Manufacturing) plant in Fremont, California, a joint venture between GM and Toyota (but managed by Toyota). The new management took

a bunch of dysfunctional “F” players, retrained them, put them into a great system, and before long the plant was outperforming every other in the U.S. The lesson is that great systems are likely to be more important than great people.

In modern organizations, results are invariably due to the combined efforts of many people and teams. Even taking the example of a sales person ‘winning’ a major order, can anyone really say that they achieved that on their own? In most companies this is doubtful. There are usually back up support teams involved in managing brands, designing solutions, preparing quotations, providing demonstrations, doing cooperative marketing and so forth.

MIT professor, Edgar Schein, an acknowledged expert in the field of corporate culture, puts the problem of changing the incentive mindset down to the sacred cow of individual accountability. “No matter how much team-work is touted in theory”, he notes, “It does not exist in practice until accountability itself is assigned to the whole team and until group pay and reward systems are instituted.”⁴

Thus it should be the team that is the focus of rewards. What constitutes a “team” is this context? The answer is any group that represents an interdependent value delivery network. Anything less than this, to some degree or other, is likely to be divisive. Rewarding the success of the business unit or firm as a whole is not intended to manipulate behavior, but to demonstrate that everyone is in the same rowing boat, all pulling in the same direction, all dependent on each other.

Team-based rewards at Nucor Steel

U.S. company Nucor Steel has achieved stunning success over the past five years returning 387 per- cent to shareholders beating almost every other company in the S&P 500-stock index, including new economy icons such as Amazon.com, Starbucks, and eBay. And the company has become more profit- able as it has grown: Sales have almost tripled over the past six years from \$4.6bn in 2000 to \$12.7bn in 2005 with net profit margins increasing from 7 to 10 percent over the same period. At the root of this performance is a radical compensation system based upon team performance at different levels of the organization. The 11,300 non-union employees don't see themselves as worker bees waiting for instructions from above. Nucor's flattened hierarchy and emphasis on pushing power to the front line lead its employees to adopt the mindset of owner-operators. Legendary leader Ken Iverson's radical insight was that employees, even hourly workers, will make an extraordinary effort if you reward them richly, treat them with respect, and give them real power.

When other traditional manufacturing companies such as General Motors and Ford are struggling to survive, what is it that drives Nucor to greater success? The answer is its devolved management model and a compensation system that rewards everyone for success. While an experienced steelworker at another company can easily earn \$16 to \$21 an hour, at Nucor the guarantee is closer to \$10. But a bonus tied to the production of defect-free steel by an employee's entire shift can triple the average steelworker's take-home pay.

In 2005, Nucor handed out more than \$220 million in profit sharing and bonuses to the workforce. The average Nucor steelworker took home nearly \$79,000 last year. Add to that a \$2,000 one-time bonus to mark the company's record earnings and almost \$18,000, on

average, in profit sharing. Not only is good work rewarded, but bad work is also penalized. Bonuses are calculated on every order and paid out every week. If workers make a bad batch of steel and catch it before it has moved on, they lose the bonus they otherwise would have made on that shipment. But if it gets to the customer, they lose three times that.

Managers' pay is also at risk. Department managers typically get a base pay that's 75% to 90% of the market average. But in a great year that same manager might get a bonus of 75% or even 90%, based on the return on assets of the whole plant. Executive pay is geared toward team building. The bonus of a plant manager depends on the entire corporation's return on equity. So there's no glory in winning at your own plant if the others are failing. There's a healthy competition among plants and even among shifts, balanced with a long history of cooperation and idea-sharing. The pay of CEO Daniel DiMicco is also based on performance. In 2005, he collected a salary and bonus precisely 23 times that of his average steelworker (the average ratio in America is around 350 to 1). He gets few stock options, and most of his restricted stock and other longer-term bonuses don't materialize if the company doesn't beat the competition and outpace a sample group of other high-performing companies.⁵

Create positive peer pressure to perform

Some firms are relying more on 'peer pressure' than on direct incentives. No self-respecting manager would want to go to a meeting of his or her peers knowing that they have underperformed and let down the whole team and possibly drained the bonus pool. Internal and external league tables enable a framework for performance evaluation that provides a powerful force for continuous improvement as one business unit strives to improve its position against its rivals.

Peer pressure can be either 'positive' or 'negative'. Negative peer pressure leads to a 'fortress' mentality. Local vested interests are paramount as managers seek to gain the maximum advantage (e.g., the most resources) from the corporate center. Other similar business units are seen as the 'enemy'. Positive peer pressure is about improving faster than rivals but within a climate of cooperation and sharing. Achieving a balance between competition and cooperation needs to be carefully managed. The defining difference is the rewards system. If rewards are at the whole business level then individual units have little need to act with a fortress mentality.

Handelsbanken uses peer pressure to drive continuous improvement. The most intense competition is at the regional bank level where a "cup" is awarded each year for the winner. There is also a system of "handicapping." Each year the cost of capital employed is charged to regions according to the BIS rules (i.e. the Bank of International Settlements operates standard lending to capital ratios according to the risk profile of the investment portfolio). The cost of the excess capital in the bank, over and above the BIS amounts, is charged each year to regions in proportion to their profitability over the previous three years. This means that the most successful region receives the highest capital charge thus making it harder to make a return. Similarly, the poorest performer receives the lowest capital charge thus making it easier for them to catch up.

Don't be too concerned about the 'free rider' problem

Some people will say that moving incentives to the level of the 'work unit' is a charter for 'free riders' – those managers that keep out of the limelight yet produce little by way of results. The experience at Toyota, Handelsbanken and Southwest, however, suggests that this is not as big a problem as feared. In a team-based system driven by continuous improvement, free-riders are exposed very quickly and replaced by people more willing to commit themselves to real performance challenges. Rewards should be focused on the whole team and based on a range of performance measures, not on a few people meeting some negotiated number. And they should be based on an agreed definition of success. This is supported by empirical evidence that shows that the problem of free riding is quite modest. As one comprehensive review reported, "Under conditions described by the theory as leading to free riding, people often cooperated instead."⁶

Teams sort out problems with their own members at WL Gore & Associates a \$1.8 billion company with nearly 7,000 employees and 45 locations around the world. Known for its "wearable weather protection" GORE-TEX® fabrics, Gore attributes its astounding product diversity and rate of innovation to not only its polymers and patents but to a unique corporate culture that eschews hierarchy and encourages teamwork and hands-on innovation. For example, there are no chains of command or predetermined channels of communication. Associates (not "employees") are hired for general work areas, are assigned no titles, and work under the guidance of sponsors (not "bosses") on projects that match their skills and career objectives. The result is an egalitarian work atmosphere that minimizes bureaucratic delays and fosters rapid decision-making and product development.⁷

The performance appraisal system is based on team reviews. "You've got to be a team player at Gore," says lab engineer Dave Thompson. "Your team rates your contribution on a scale of one to six, and that's one of the things salaries are based on. Everyone chooses a sponsor who helps them develop, and they also have a leader who would traditionally be titled manager. Plant production leader John Housego explains: "I was voted into this job. That was a really special moment."

In 2006 W.L. Gore was voted the "best place to work in Britain" in a Sunday Times poll. The survey showed in nine in every ten employees think their manager trusts their judgment, just a fraction fewer feel he or she talks openly with them, a similar proportion feel their manager cares about them, and 84 percent say the principles of the firm would not alter if the leader changed — all are the highest scores for these questions among the 100 best companies. Further accelerating Gore to its No 1 position are the exceptionally high "my company" scores: 92 percent believe they make a valuable contribution to the firm's success, and 93 percent would miss it if they left.⁸

Use the language of teams and rewards rather than individuals and incentives

It may sound like a semantic point but the language used in the organization to talk about rewards sets the tone for how people understand and internalize them. Most incentives schemes are based on a "carrot and stick" approach. Take the case of UK truck maker, Leyland Trucks. Its history was steeped in the language of pay differentials, 'payment-by-results' schemes (such as piecework) and pay disputes. CEO, John Oliver, explains the background. "If people are paid by results, that's exactly what will dominate their daily thinking. They will focus exclusively on getting as many widgets out of the door as possible to maximize their earnings. Once the requisite number has been achieved you can forget

about everything else. Quality, customer satisfaction, on-time delivery and so on do not figure in their personal vocabularies. Job-and-finish mentalities can often free up huge tranches of spare time but, in their minds, that's theirs. They've earned it, so you can't have it. Managers may tear their hair out with frustration, seeing this huge window of opportunity for addressing all the other ills of working life. But we shouldn't blame the workers. Management created the system, management created the values, and management have to accept total responsibility for the situation."9

Leyland Trucks was implementing lean manufacturing. But the old system was based on the 'push' system of driving production to maximize volume and at odds with its lean manufacturing principles that is based on the 'pull' system of building to customer order. Leaders realized that here was a collision waiting to happen. So they scrapped decades of piecework-type incentives (despite resistance from the trades unions) and introduced team-based rewards. The change in the language was crucial. Instead of talking about meeting volume targets suddenly the conversation was about output quality, productivity, safety and customer delight.

The new language also touched another hot-spot. Leaders knew that the primary concern of employees was not so much about pay and conditions but more about job security. So they told the work-force that the proposed changes were about meeting customer needs and that this was the best strategy to maintain their jobs. And the way to achieve this was to regulate production through the plant, focusing on high quality and reducing waste. Making thousands of trucks that they struggled to sell was no longer the way forward. A number of years later, Leyland Trucks won the 'factory of the year' award and its employees have had a more secure future than in recent memory.

But the benefits didn't stop there. There is now a remarkable degree of cooperation between management and the shop floor. This even extends to smoothing production. For example, the company has introduced a scheme known as "Additional Vacation Days." This means that if there is a requirement to increase production, then teams (i.e. all employees) accept the need to work longer hours at no extra cost and then receive those hours back in quieter times (usually tacked on to a Bank Holiday or week-end). They receive around 2-3 weeks notice. Workers don't like this arrangement, but they understand that it is all part of improving profitability and thus their own security of employment (the number one objective of all managers and employees at the company).

However, this agreement needs constant communication to remind employees of the benefits. This change alone contributed to a reduction in costs of 7.6 percent. Other seasonal fluctuations are managed through temporary workers.

Using the language of 'group rewards' as opposed to individual incentives was also an important change in the approach adopted by Handelsbanken. Indeed, Dr Wallander is quick to point out that there is an important difference between providing attractive incentives that are designed to motivate people and providing some extra financial reward for team or group performance. As he is quick to explain: "The profit sharing scheme is there not as an incentive to work harder but as recognition of the efforts of the workforce. Essentially, motivation is based on the self-satisfaction on doing a good job for the company and the praise they will get. We have no specific proof of this, but it's what we believe and we think the evidence shows up in the results."

Conclusion

Underestimating the challenge of dealing with rewards can be disastrous for the devolved organization. Nothing can undermine the best intentions of an alternative performance management process like an unaligned or ill thought out package of management rewards. Rewards should be disconnected from fixed targets and based on a fair, open, and agreed formula underpinned by relative performance measures. Many reward systems carry a great deal of 'excess baggage' from a company's history. They are notoriously difficult to change, but change they must if the new model is to be implemented successfully. The best approach is for a senior team to thrash out a set of common principles to which everyone can agree. A combination of groupwide and team-based rewards based on relative performance seems to be the way forward.

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The Psychology Behind Unethical Behavior

[Merete Wedell-Wedellsborg](#)

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On a warm evening after a strategy off-site, a team of executives arrives at a well-known local restaurant. The group is looking forward to having dinner together, but the CEO is not happy about the table and demands a change. "This isn't the one that my assistant usually reserves for me," he says. A young waiter quickly finds the manager who explains that there are no other tables available.

The group tries to move on but is once again interrupted by the CEO. "Am I the only one annoyed by the view? Why is there construction happening today?" he demands to know. The waiter tries to explain, but to no avail. "You really need to up your game here," the CEO replies. The air is thick with tension. After the waiter walks away, someone makes a joke about the man's competence. This seems to please the CEO, who responds with his own derogatory quip. The group laughs.

If you were present at that dinner would you let the CEO know that you disapprove of his language and behavior? Would you try to better a better example? Or stay silent?

This scene encapsulates three psychological dynamics that lead to crossing ethical lines. First, there's **omnipotence**: when someone feels so aggrandized and entitled that they believe the rules of decent behavior don't apply to them. Second, we have **cultural numbness**: when others play along and gradually begin to accept and embody deviant norms. Finally, we see **justified neglect**: when people don't speak up about ethical breaches because they are thinking of more immediate rewards such as staying on a good footing with the powerful.

The same dynamics come into play when much bigger lines get crossed in the corporate arena: [allegations of corruption at Nissan](#), [sexual harassment charges in the media sector](#), [privacy breaches at Facebook](#), [money laundering in the financial sector](#), and [pharmaceuticals' role in the opioid crisis](#).

While it is hard, if not impossible, to find evidence that leaders in general have become less ethical over the years, some are sounding the alarm. Warren Buffett, [explaining Berkshire Hathaway's practices in the annual letter shareholders](#), notes that he and vice chairman Charlie Munger

"...have seen all sorts of bad corporate behavior, both accounting and operational, induced by the desire of management to meet Wall Street expectations. What starts as an 'innocent' fudge in order to not disappoint 'the Street' — say, trade-loading at quarter-end, turning a blind eye to rising insurance losses, or drawing down a 'cookie-jar' reserve — can become the first step toward full-fledged fraud."

Buffett's note is important because it's really about the majority of us: neither saints nor criminals but well-meaning leaders who sometimes fail to consult their moral compass while speeding ahead in a landscape full of tripwires and pitfalls. For that majority, moral leadership is not simply a question of acting in good or bad faith. It is about navigating the vast space in between.

So how do you know when you, or your team, is on the road to an ethical lapse? Here's more on how to identify omnipotence, cultural numbness, and justified neglect in yourself and on your team, and a few tips on fighting each dynamic:

Omnipotence. Many moral lapses can be traced back to this feeling that you are invincible, untouchable, and hyper-capable, which can energize and create a sense of elation. To the omnipotent leader, rules and norms are meant for everyone but them. Crossing a line feels less like a transgression and more like what they are owed. They feel they have the right to skip or redraw the lines. In the dinner party example above, it is no coincidence that the CEO's entitled and condescending behavior comes after a day of strategizing and masterminding the next big moves.

Omnipotence is not all bad. Sometimes the rush you get from bold action is what's required to make breakthroughs or real progress. But, the higher you climb on the ladder, the more it can become a liability. This is especially true if fewer and fewer of the people around you are willing and able to keep you grounded. If no one tells you "no," you have a problem. One way to gauge whether you've reached "peak omnipotence" is if your decisions are met only with applause, deference, and silence.

The psychological counterweight to omnipotence is **owning your flaws**. It's a mature capability to look in the mirror and recognize that you are not above it all. Especially if you're in a leadership position, assume you have weaknesses and think about them regularly.

Sometimes, you'll need help with this. The best performing executives I see have close colleagues, friends, coaches, or mentors who dare to tell them the truth about their performance and judgment. You should cultivate a similar group of trusted peers who will tell you the truth even when it is unpleasant. In addition, make sure to encourage an "obligation to dissent" among your core team.

Cultural numbness. No matter how principled you are, you must recognize that, over time, the bearings of your moral compass will shift toward the culture of your organization or team.

From my work with police and military units infiltrating criminal groups, I have seen examples of how cultural numbness makes leaders cross lines. It usually starts subtly. Officers need to get to know and infiltrate a new culture. They need to fit in by speaking the language, acting according to code, and dressing to fit in. But, in doing that, they risk going too far — mimicking the culture of the gang members they are out to stop and getting caught up in a group's values system.

The same kind of "moral capture" takes place in companies, not overnight, but gradually. Psychologically, you're making a trade-off between fitting into the culture and staying true to what you value.

At first, cultural numbness can take the shape of ironic distance or disillusioned resignation when there is a discrepancy between the two, or between the ideals your company espouses and what you see demonstrated and rewarded. But the mind needs resolution. So, over time, you stop noticing when offensive language becomes the norm or you start to behave in ways that you would never have expected to be part of your repertoire.

Cultural numbness is where I have seen the most severe breakdowns in ethical leadership because it's so hard to detect. Leaders who have crossed a line never describe this as a clear choice on that path but as wandering down a muddy road, where there they lost track of what was right and wrong. They describe a process where they became numb to others' language and behavior and then to their own and lost their sense of objectivity. In essence, their warning bells simply stopped ringing.

So, start **looking out for signs of moral capture**: those brief moments when you don't recognize yourself and any other indications that you are subjecting your own personal agency to the deviant norms of the collective. Another regular gut-check you can use

involves asking whether you would be comfortable telling a journalist or a judge about what's going on.

At the same time, you can't always trust yourself in these situations. As with omnipotence, it can help to get an outsider's perspective, turning to a trusted friend or family member, who might be able to detect changes in you that you are not able to see. Also remember to regularly extract yourself from your organization to compare and contrast its culture with others and remind yourself that the rest of the world may not work the same way.

Justified neglect. The human mind is skilled at justifying minor incursions when there is a tangible reward at stake — and when the risk of getting caught is low.

On the production line of a pharmaceutical company, for example, a hurried lab assistant forgets to remove all of her makeup. A speck of mascara accidentally drops into a batch of medicine large enough to serve a mid-sized country for a year. For a brief moment, the miniscule impurity draws a thin, yellowish color trail, but then it is gone, impossible to detect. The medicine is life-saving and very valuable, with just a hint of makeup that's probably harmless.

Would you report the incident? If you were a manager who was quietly asked what to do, would you destroy the batch? Would you change your mind knowing that patients might suffer or even die from a serious production delay? Would your ballooning production budget and the tenuous financial situation of your company factor into your decision? Would you push the problem up to your superiors knowing that those with a greater stake in the outcome might turn a blind eye to the incident?

Many leaders have faced a choice between getting the reward or doing the right thing. The slippery slope starts right when you begin to rationalize actions and tell yourself and others, "This is an exceptional situation," or "We have to bend the rules a little to get things done here," or "We are here to make money, not to do charity."

These initial slips cascade into more, which turn into habits you know are bad but which start to feel excusable and even acceptable, given the circumstances, and eventually, become part of your moral fabric. It is hard to pinpoint exactly when an important line is crossed, but it's much easier to course-correct at the very start of the slippery slope than when you are gliding full speed away from what is right.

Remember that power corrodes more than it corrupts, often as a result of clever justifications of ethical neglect. You can combat this psychological dynamic by **creating formal and social contracts that obligate both you and your colleagues to do right**; rewarding ethical behavior; and defining and sharing your boundaries. The latter could be as simple as making a list of things you will not do for profit or pleasure, keeping it in a convenient place to read regularly, and occasionally showing it to your team as a reminder.

The reality is that, for many leaders, there is no true straight-and-narrow path to follow. You beat the path as you go. Therefore, ethical leadership relies a lot on your personal judgment. Because of this, the moral or ethical dilemmas you experience may feel solitary or taboo — struggles you don't want to let your peers know about. It can sometimes feel shameful to admit that you feel torn or unsure about how to proceed. But you have to recognize that this is part of work life and should be addressed in a direct and open way.

Even though most companies have some cultural and structural checks and balances, including values statements, CSR guidelines, and even whistleblower functions, leaders must also be mindful of the psychological conditions that push people — including themselves —

to cross ethical lines. Understanding the dangers of omnipotence, cultural numbness, and justified neglect are like installing the first few warning signs on the long road of your career. You will inevitably hit some bumps, but the more prepared you are to handle them, the likelier you are to keep your integrity intact.

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Team climate diagnostic

A team's ability to perform at its best is bounded by many factors, both internal (for example, how complementary the skills sets of its members are) and external (for example, whether it has the resources to do the job). The team climate is just one of those factors, but a particularly important one, because it affects every aspect of how the members work together and with outsiders. Team climate we define as "the subjective experience of being in a team and the behaviours this stimulates or inhibits in team members".²

This questionnaire is based on workshops with dozens of teams and hundreds of team coaches around the world; on an extensive literature search; and on feedback from applying the PERILL model³ of team function and dysfunction (the only complex, adaptive systems approach to team dynamics). It explores ten core elements of climate:

- Fear v trust
- Guardedness v openness
- Individuality v collegiality
- Negative stress v positive energy
- Engagement v disengagement
- Empowerment v disempowerment
- Security v insecurity
- Welcoming v resistant to change
- Welcoming v suspicion of newcomers
- Focus on numbers and targets v people and impact
- Constructive v destructive conflict

For individual teams, there may be other factors to take into account, but these 10 factors represent what we perceive to be the most common. Use the questionnaire to gather the observations of each member of the team individually and anonymously. Then discuss together where perceptions align and differ, and what you collectively want to do differently as a result. Repeat the survey at intervals to measure progress towards a more positive team climate. Score each item from 5 (very accurate) to 1 (not at all accurate).

1. There are unwritten but powerful rules in this team that inhibit challenge
2. I can rely on my colleagues to do what they say
3. I sometimes feel bullied, even if I know that was not intended
4. I have confidence that my team colleagues and my manager have my back
5. In the past month I have held back comments at work for fear of the consequences of speaking up
6. It's OK in this team to admit to mistakes
7. Discussion on difficult topics often gets shut down before it gets uncomfortable
8. We seek feedback from each other
9. We are better working on our own than together
10. We spark off each other when we are together
11. We are rewarded mostly on meeting our individual targets
12. We are rewarded mostly on the team's collective performance
13. My workload is too great for me to really enjoy what I do

² For an academic discussion of team climate, with other definitions, see Figl, K. and C. Saunders (2011) Team Climate and Media Choice in Virtual Teams, AIS Transactions on Human-Computer Interaction (3) 4, pp.189-213.

³ A separate diagnostic tool is available for each of the six elements of PERILL

14. This is the dream job for me at this stage in my career
15. I struggle to find meaning in what I do
16. I am energised both by my work and by interacting with my team colleagues
17. The important decisions are made by our manager – or his manager
18. I could contribute a lot more, if I were allowed to
19. Some of the rules we have to abide by don't make sense to me
20. I am frequently consulted on work issues
21. I am worried about losing my job
22. I know I can call upon my colleagues for support when I am under pressure
23. We are careful not to interfere in each other's area of responsibility
24. We generally take feedback from colleagues well
25. We generally see change as a problem
26. We generally see change as an opportunity
27. We cope with technical change better than change in how we work
28. We are good at predicting and planning ahead for change
29. We expect newcomers to prove their worth before they are fully accepted as team members
30. We put a lot of effort into making sure newcomers feel wanted and into helping them succeed
31. We expect a lot of newcomers, then we are disappointed when they don't meet those expectations
32. We encourage newcomers to bring different perspectives and ideas
33. Performance is solely about meeting targets
34. Performance is about impact on medium- and long-term objectives
35. We spend most of our time at meetings talking about the numbers
36. We spend most of our time at meetings talking about how we achieve through our people
37. There is too much politicking in this team
38. We encourage positive conflict of ideas rather than negative conflict of egos
39. We avoid dealing with personality conflict
40. We value and use conflict to build stronger relationships between us

Scoring:

You will have noticed that the statements alternate between negative and positive aspects of team climate. Add up all the odd numbered scores; then all the even numbered: and compare. There are no norms here – every team is different and comparing your team against norms can actually stifle constructive dialogue, rather than enhance it. As a general rule, an even score 3 times greater than the odd score indicates a very healthy team climate (no team is perfect!); vice versa suggests that the team climate is not good for its members health!

Scenario for working with a new team

You have been asked to support a newly created Change Team responsible for an organisation's transformation towards a more flexible, supportive culture. Decision-making is to be pushed down to the lowest levels possible. While not at the opposite extreme, the current culture is a long way from this.

The project is sponsored by the Exco / leadership team. The Change Team's budget is relatively small. Its remit is to recommendations. Each function will then make the business case for a budget for its part of the project.

On the team so far are:

Eamon, the team leader, is "a safe pair of hands". In his mid-fifties, he is a veteran project manager, but his experience is mainly in pushing through large scale technological innovation. He recognises he has some skills gaps in managing behavioural change — this is one of the reasons he and the CEO think that team coaching will be helpful.

He is championed by the CEO and by his boss, the technical director, as someone who gets things done. However, he has had past clashes with some other members of the Exco, who see him as too rigid. He suspects that at least one of these people would like to see him fail. Members of his Change Team are likely to have been influenced by their own bosses' perception of him.

Elaine is an HR lifer, in her mid-30s. She has a lot of theories about culture change she would like to try out. Being on this team is her chance to put them into practice. It is rumoured that that her boss, the head of Learning and Development, put her onto the team to distract her from some of her ideas around her main role.

June, who recently turned 40, was delegated to the role by her boss, who reports directly to the finance director. She feels he is dumping on her a role that he has no enthusiasm for. She brings strong analytical skills to the task.

Daniel is a 28 year old rising star from operations. He has a flair for research and good people skills. He has been given the role as an opportunity to learn new skills important to his role as a leader.

Neil, aged 35, is a behavioural psychologist, specialising in organisational design. He is disparaging of "pseudoscience" and "lazy thinking". He likes to take his time coming to conclusions.

Other relevant information:

- There is as yet little clarity about budgets
- Although the Exco have all signed off on the project, it is unclear just how much genuine support and enthusiasm there is for it
- The CEO is pushing for a very tight timetable
- The team has not yet met together, although Eamon has had briefing sessions individually with each of them

The Culture Map by Erin Meyer

Eight key dimensions:

Communicating

High context (e.g. US, Netherlands) Values precision, simplicity and clarity. Repetition helps make sure the point is understood.

Low context (e.g. China, Japan, Korea) Uses far more inference and nuance – it's important to look for meaning beyond the words

Evaluating

Direct negative feedback (e.g. Russia, Israel, Netherlands, Germany) Blunt and to the point, often public rather than in private and with absolute language (Such as totally, completely)

Indirect negative feedback (e.g. Japan, Thailand, Saudi Arabia) Diplomacy and subtlety, with tough messages contained within softer, more positive ones. Always in private and often with qualifying language such as "slightly".

Persuading

Principles first (e.g. Italy, France, Russia) Establish the theory or concept – along with the underlying principles -- before offering an opinion or statement.

Applications first (e.g. US, Australia). Start with a fact or opinion – or an executive summary with bullet points -- and back it up with evidence. Emphasis on practicality

Leading

Egalitarian (e.g. Scandinavia, Israel, Australia) "Power distance" is minimal – anyone can communicate with anyone else

Hierarchical (e.g. Japan, Saudi Arabia) "power distance" is high. Leaders direct and have higher status. Organizational structures are rigid and communications have to follow hierarchical rules.

Deciding

Consensual (e.g. Japan Sweden) Groups discuss and come to unanimous agreement

Top-down (e.g. Nigeria, China) An individual (leader) makes the decision, often having listened to various views.

Trusting

Task-based (e.g. US, Netherlands) Trust happens through working together, demonstrating reliability

Relationship-based (e.g. Saudi Arabia, India) Trust happens through social activity, taking time to get to know the person

Disagreeing

Confrontational (e.g. Israel, France, Germany) Open confrontation is expected and soon forgotten.

Avoids confrontation (e.g. Indonesia, Japan, Thailand) Open conflict is damaging to relationships

Scheduling

Linear time (e.g. Germany, Japan) Sequential planning, schedules and preventing interruptions are key. Good organization is more important than flexibility.

Flexible time (e.g. Saudi Arabia, Kenya, India) Fluidity and flexibility are key.

What Psychological Safety Looks Like in a Hybrid Workplace

by Amy C. Edmondson and Mark Mortensen

“Our office policy is that people should come into the office once per week. Now they are organizing a team meeting with 15 people. I guess some people seem to feel comfortable with that, but I’m not; I have a young family at home and we have been very careful. I can’t say that though.”

— Executive at a global food brand, shared privately

[To a colleague working from home] “We miss having you here with us in the office. We are seeing more people in the office these days, and it’s really nice to have more people around.”

— Comments made in a virtual team coffee chat

Since the pandemic changed the landscape of work, much attention has been given to the more visible aspects of WFH, including the challenges of managing people from a distance (including reduced trust and new power dynamics). But a far less visible factor may dramatically influence the effectiveness of hybrid workplaces. As suggested by the above quotes, sorting out future work arrangements, and attending to employees’ inevitable anxieties about those arrangements, will require managers to rethink and expand one of strongest proven predictors of team effectiveness: Psychological safety.

How New Forms of Work Affect Psychological Safety

Psychological safety — the belief that one can speak up without risk of punishment or humiliation — has been well established as a critical driver of high-quality decision making, healthy group dynamics and interpersonal relationships, greater innovation, and more effective execution in organizations. Simple as it may be to understand, Amy’s work has shown how hard it is to establish and maintain psychological safety even in the most straightforward, factual, and critical contexts — for example, ensuring that operating room staff speak up to avoid a wrong-side surgery, or that a CEO is corrected before sharing inaccurate data in a public meeting (both are real-life psychological safety failure examples reported in interviews). Unfortunately, WFH and hybrid working makes psychological safety anything but straightforward.

When it comes to psychological safety, managers have traditionally focused on enabling candor and dissent with respect to work content. The problem is, as the boundary between work and life becomes increasingly blurry, managers must make staffing, scheduling, and coordination decisions that take into account employees’ personal circumstances — a categorically different domain.

For one employee, the decision of when to work from home may be driven by a need to spend time with a widowed parent or to help a child struggling at school. For another, it may be influenced by undisclosed health issues (something Covid brought into stark relief) or a non-work passion, as was the case with a young professional who trained as an Olympic-level athlete on the side. It’s worth noting that we’ve both heard from employees who feel

marginalized, penalized, or excluded from this dialogue around work-life balance because they're single or have no children, often being told they're lucky they don't have to deal with those challenges. Having psychologically safe discussions around work-life balance issues is challenging because these topics are more likely to touch on deep-seated aspects of employees' identity, values, and choices. This makes them both more personal and riskier from legal and ethical standpoints with respect to bias.

We Can't Just Keep Doing What We're Doing

In the past, we've approached "work" and "non-work" discussions as separable, allowing managers to keep the latter off the table. Over the past year, however, many managers have found that previously off-limits topics like child care, health-risk comfort levels, or challenges faced by spouses or other family members are increasingly required for joint (manager and employee) decisions about how to structure and schedule hybrid work.

While it may be tempting to think we can re-separate the two once we return to the office, the shift to a higher proportion of WFH means that's neither a realistic nor a sustainable long-term solution. Organizations that don't update their approach going forward will find themselves trying to optimize extremely complicated scheduling and coordination challenges with incomplete — if not incorrect — information. Keep in mind that hybrid working arrangements present a parallel increase in managerial complexity; managers face the same workflow coordination challenges they've managed in the past, now with the added challenge of coordinating among people who can't be counted on to be present at predictable times.

Strategies for Managers

Let's start with the fact that the reasons why managers have avoided seeking personal details remain just as relevant and critical today as they've always been. Sharing personal information carries real and significant risks, given legal restrictions related to asking personal questions, the potential for bias, and a desire to respect employee privacy. The solution thus cannot be to demand greater disclosure of personal details. Instead, managers must create an environment that encourages employees to share aspects of their personal situations as relevant to their work scheduling or location and/or to trust employees to make the right choices for themselves and their families, balanced against the needs of their teams. Management's responsibility is to expand the domain of which work-life issues are safe to raise. Psychological safety is needed today to enable productive conversations in new, challenging (and potentially fraught) territory.

Obviously, simply saying "just trust me" won't work. Instead, we suggest a series of five steps to create a culture of psychological safety that extends beyond the work content to include broader aspects of employees' experiences.

Step 1: Set the scene. Trite as it sounds, the first step is having a discussion with your team to help them recognize not only their challenges, but yours as well. The objective of this discussion is to share ownership of the problem.

We suggest framing this as a need for the group to problem solve to develop new ways to work effectively. Clarify what's at stake. Employees must understand that getting the work done (for customers, for the mission, for their careers) matters just as much as it always has, but that it won't be done exactly as it was in the past — they'll need to play a (creative and responsible) role in that. As a group, you and your employees must come to recognize

that everyone must be clear and transparent about the needs of the work and of the team and jointly own responsibility for succeeding, despite the many hurdles that lie ahead.

Step 2: Lead the way. Words are cheap, and when it comes to psychological safety, there are far too many stories of managers who demand candor of their employees — particularly around mistakes or other potentially embarrassing topics — without demonstrating it themselves or without protecting it when others do share.

The best way to show you're serious is to expose your own vulnerability by sharing your own WFH/hybrid work personal challenges and constraints. Remember, managers have to go first in taking these kinds of risks. Be vulnerable and humble about not having a clear plan and be open about how you're thinking about managing your own challenges. If you're not willing to be candid with your employees, why should you expect them to be candid with you?

Step 3: Take baby steps. Don't expect your employees to share their most personal and risky challenges right away. It takes time to build trust, and even if you have a healthy culture of psychological safety established around work, remember that this is a new domain, and speaking up about buggy code is different than sharing struggles at home.

Start by making small disclosures yourself, and then make sure to welcome others' disclosures to help your employees build confidence that sharing is not penalized.

Step 4: Share positive examples. Don't assume that your employees will immediately have access to all the information you have supporting the benefits of sharing these challenges and needs.

Put your marketing hat on and market psychological safety by sharing your conviction that increased transparency is happening and is helping the team design new arrangements that serve both individual needs and organizational goals. The goal here isn't to share information that was disclosed to you privately but rather to explain that disclosure has allowed you to collaboratively come up with solutions that were better not just for the team but also for the employees. This needs to be done with tact and skill to avoid creating pressure to conform — the goal here is to provide employees with the evidence they need to buy in voluntarily.

Step 5: Be a watchdog. Most people recognize that psychological safety takes time to build, but moments to destroy. The default is for people to hold back, to fail to share even their most relevant thoughts at work if they're not sure they'll be well received. When they do take the risk of speaking up, but get shot down, they — and everyone else — will be less likely to do it the next time.

As a team leader, you need to be vigilant and push back when you notice employees make seemingly innocent comments like "We want to see more of you" or "We could really use you," which may leave employees feeling they're letting their teammates down. This is a really hard thing to do and requires skill. The idea isn't to become thought police or punish those who genuinely do miss their WFH colleagues or need their help, but rather to help employees frame these remarks in a more positive and understanding way — for example, "We miss your thoughtful perspective, and understand you face constraints. Let us know if there is any way we can help..." Be open about your intentions to be inclusive and helpful so that people don't see requests for their presence as a rebuke. At the same time, be ready to firmly censure those who inappropriately take advantage of shared personal information.

It's important that managers view (and discuss) these conversations as a work in progress. As with all group dynamics, they're emergent processes that develop and shift over time. This is a first step; the journey ahead comes without a road map and will have to be navigated iteratively. You may overstep and need to correct, but it's better to err on the side of trying and testing the waters than assuming topics are off limits. View this as a learning or problem-solving undertaking that may never reach a steady state. The more you maintain that perspective — rather than declaring victory and moving on — the more successful you and your team will be at developing and maintaining true, expanded psychological safety.

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The Importance of Psychological Safety in Team Coaching

By Colm Murphy and Tammy Turner

This short article sets out what psychological safety is and is not, its importance and relationship to team effectiveness and in turn, to team coaching.

We can all probably relate to having experienced low psychological safety at some point within a team or a group - that immediate feeling of being unable to speak up with ideas, questions or concerns due to a fear of ridicule or hurt or being embarrassed.

It is important to highlight that psychological safety is a not a fancy term for trust. As outlined below, they are related but fundamentally different concepts.

What is psychological safety?

Amy Edmondson (2014) defined it as "individuals' perceptions about the consequences of interpersonal risks in their work environment. It consists of taken-for-granted beliefs about how others will respond when one puts oneself on the line, such as by asking a question, seeking feedback, reporting a mistake, or proposing a new idea."

Two key characteristics of the psychological safety are highlighted in the literature:

- It is experienced at a group level as opposed to an individual level. In a team, individual team members will tend to have similar perceptions of whether or not the team climate is psychologically safe.
- The group experiences the impact of interpersonal dynamics immediately (Edmondson, 2019) as opposed a time frame of future consequences.

Why is it different from trust?

Trust relates to interactions between two individuals or parties as opposed to being experienced at a group level. Trust is an expectation that someone can be counted on to do something in a future moment, as opposed to the immediate felt sense of psychological safety. Edmondson (2019) summarised that difference as trust being about giving others the benefit of the doubt, whereas psychological safety relates to whether others will give you the benefit of the doubt as you share your thoughts or ask for help.

| PSYCHOLOGICAL SAFETY | TRUST |
|---|---|
| Is a group construct | Is an individual construct |
| Measures if it's ok to openly share concepts and make mistakes | Measures if another can be counted on to do what they say they'll do |
| Measured by team members – they 'know' if the environment is safe | Measured by an individual about the other |
| Gives you as a contributing team member the benefit of the doubt | You give the other person the benefit of the doubt for getting things done. |

Table 1: Difference between Psychological Safety and Trust (Turner, 2019)

Psychological safety is a key variable of success for teams working well together and is as key to team coaching as trust is a 1 to 1 coaching relationship – it an emergent success factor that allows support and challenge to be present in the work.

Why is psychological safety relevant to team coaching?

One simple answer is that if it's relevant to the better functioning of teams, then it is relevant to team coaching. A team coach can assist the team to continuously raise their awareness about levels of psychological safety in the room in service of the team's functioning.

We also propose that team coaching can contribute to psychological safety and hence in turn to team functioning. Kahn (1990) identified four contributing factors to psychological safety: interpersonal relationships, group dynamics, leadership and organizational norms. All of these contributing factors are at play when a team coach works with a team. The team coach can play an important role in not only shining a light of these factors and their impact, but also in role modelling their interpersonal relationships with team members and their style of leadership. Role modelling encourages others to speak up, share ideas and ask for help. If the team coach can stay with the moments when psychological safety gets challenged (the put down, the eye roll, the mocking laugh), they can raise awareness and help build new ways of communicating within the team.

Why is psychological safety important to teams?

Team effectiveness researchers have identified the link between psychological safety and team performance (Mathieu, Maynard, Rapp & Gilson, 2008) resulting in psychological safety being identified as one of the key contributing factors (Dinh & Salas, 2017) within team effectiveness models (Burke, Stagl, Salas, Pierce, & Kendall, 2006). Dinh & Salas (2017) locate psychological safety as a core component of co-operation, a hallmark of teaming.

Psychological safety promotes candour and effective conflict management. Teams with high psychological safety are able to say what needs to be said, to listen to each other and to avoid slipping into personal conflict when dealing with task or process conflict. Table 2 below captures the important interplay between the team’s performance standards and their psychological safety in terms of how both impact the mood in the team and how they get things done.

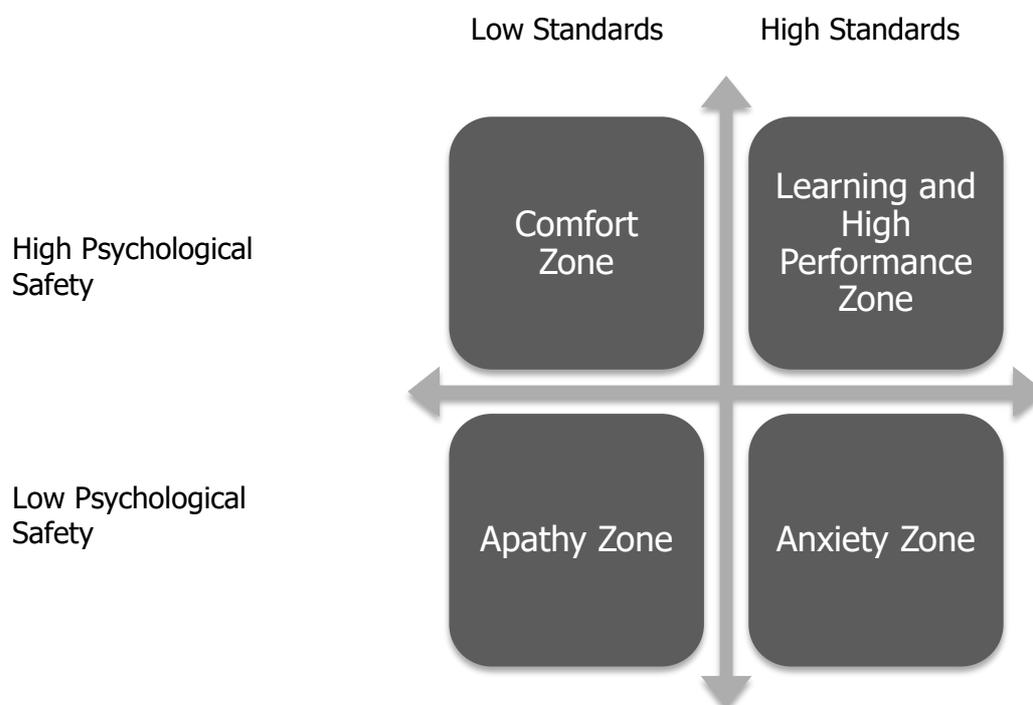


Table 2: How psychological safety relates to performance standards (Edmondson, 2019)

As table 2 illustrates, the optimal place for teams to learn is when both psychological safety and standards are high. The role of the team coach is to give the team opportunities to identify their standards of how they want to operate together and have a ‘felt sense’ of being in a psychologically safe environment. Once the team has an understanding of these factors, they can identify for themselves how to get out of the other zones and back up into the learning zone.

However, the team coach will struggle to make a difference if the team continues to operate within its comfort zone, or there is apathy or excessive anxiety during team coaching sessions.

Why is psychological safety important for you as a team coach?

As outlined previously, psychological safety is as equally important to a team coach as it is to the functioning of the team. Being present and staying alert for critical moments that impact a team’s psychological safety is vital for a team coach. Psychological safety is vital for the team coach to meaningfully support and challenge the team while in turn helping the team develop its own collective reflection and awareness; creating teaming and learning which

benefits not just the team being coached but also the stakeholders and teams that interact with that team, and by extension the entire organisation.

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Values and Ethics in Coaching

Ioanna Iordanou, Rachel Hawley, Christiana Iordanou

P13:

Values dictate not what we do but what we feel we *ought* to do

David Hume: "when it comes to making ethical decisions, what guides our actions is not what we know but how we feel about it"

P17:

Ethics traced back to Greek philosophers, Socrates, Plato and Aristotle. For Socrates, moderation was a key determinant of what is right or wrong. Plato advocated the denial of any bodily pleasure. He believed that happiness, known as *eudaimonia* in Ancient Greek could be achieved by living a life of virtue, *arête*. Knowing what is good—that is wisdom – implied doing what is good. Aristotle said that knowing what was good wasn't enough to achieve Eudaimonia without practicing good.

Moral philosophy is concerned with what is 'right' and 'wrong'.

Emanuel Kant (deontological ethics) put reason at core of morality. They derive from one's sense of duty and duty and are grounded in a set of universal beliefs about the nature of reality.

Utilitarian ethics (David Hume, Jeremy Bentham and John Stuart Mill) focus on maximisation of utility for the benefit of society. Whether an action is right or wrong is justified by an evaluation of its positive or negative consequences.

Deontology sees human beings as ends in themselves while utilitarian approach sees them as a means to an end.

P19 The core focus of professional ethics is the application of a set of values that dictate ethical professional conduct and constitute 'an integral part of professional identity'.

P25 Ethical dilemmas – what van Nieuwerburgh calls 'ethical moments of choice'... can enhance our personal and professional development... because they alert you to what is morally right or wrong. As a practitioner ... a right level of worry is indicative of your commitment to your clients...a healthy dose of worry enables you to be humble and involved in your coaching practice and facilitates the development of your professional maturity.. Doing the right thing may not always feel right; and this feeling of wrongness – what Passmore and Mortimer call *cognitive dissonance*... can spawn further reflection, learning and development. The key to success is to maintain a conscious and recurrent ethical thinking...

P29 we think we know our story well, yet as we explore our personal and professional values more closely, we tend to discover new insights

P43 A person's ethical maturity determines their ability to understand others, a crucial aspect of ethical behaviour

P44 Virtuous cycle of ethical maturity Christian van Nieuwerburgh (2014)

Confidence in principles and values >>> Openness to moments of choice >>>>
Courageous choices >>>> Reflections on moments of choice >>>> Increased ethical maturity >>>>

P51 3+1 Cs relationship model: closeness, commitment, complementarity and co-orientation

P55 Exceptions to duty of confidentiality:

- Informed consent
- Moral obligation (balance the public interest between the public good served by preserving confidentiality and by breaching confidentiality)
- Legal obligation

P81 The term evidence-based practice... refers to any type of treatment or intervention whose effectiveness is assessed through scientific means

Acting Dishonestly Impairs Our Ability To Read Other People's Emotions

By guest blogger [Rhi Willmot](#)

Can a lie still be harmful if it's never found out? New research on the relationship between dishonesty and social understanding may unsettle the fibbers amongst us. In a multi-study investigation with a total of 2,588 participants, scientists have found Pinocchio isn't the only one to experience a few personal problems after telling lies.

In [the recent paper](#), published by the Journal of Experimental Psychology, Julia Lee from the University of Michigan and colleagues examined whether acts of dishonesty impair our "empathic accuracy," the ability to detect the emotions of others. Behaving untruthfully, the authors theorised, may cause us to withdraw from other people, and in turn make social interaction more difficult. If this is the case, dishonesty could have significant implications for how we maintain relationships, resolve conflict, and collaborate at work.

In an initial pair of studies, the researchers asked 259 adults how often they committed dishonest acts in the workplace, and gave another group of 150 individuals the opportunity to cheat on a computer game. All participants then completed the "Reading the Eyes in the Mind" task, to measure their empathic accuracy. This involved viewing video clips of the region surrounding actors' eyes, and selecting one of four possible emotions to best describe the actor's mental state. In both studies, greater dishonesty was associated with a greater number of inaccurate selections.

But correlation doesn't necessarily mean causation. So to find out whether dishonesty actively reduces empathic accuracy, the research team then offered a sample of university students the chance to win real money in a die-throwing game. Participants were asked to predict which side of the die would show a higher number, with correct guesses exchangeable for more cash. However, while control participants gave their predictions at the start of the game, a second group did so once the die had been rolled — offering them the chance to cheat.

Compared to control participants, the second group, or "likely-cheating condition", reported more correct guesses, suggesting they capitalised on the opportunity for deceit. They also performed worse on the Reading the Eyes in the Mind task, indicating that this dishonesty made it more difficult for them to read others' emotions. In a subsequent game, where participants could earn \$2 for sending an untruthful message to an anonymous partner or \$0.50 for telling the truth, those in the likely-cheating condition were also more likely to lie, which suggests their original dishonesty prompted a further unscrupulous act.

Why might dishonesty impair our emotion-reading powers? One explanation is that it reduces our "[relational self-construal](#)" — the extent to which we think of ourselves in terms of social connections (e.g. "I am a sister"). Such social distancing could help us to justify immoral acts, because it reduces the degree of attention and concern we devote to others — a literal form of avoiding "looking someone in the eye". Indeed, a fifth experiment using the same die-throwing and empathic accuracy tasks demonstrated that "likely-cheaters"

described themselves using fewer social phrases than the control group, which accounted for the relationship between dishonesty and emotional-reading.

It also seems some people may be more susceptible to these effects than others. In a final experiment, Lee and colleagues looked at “vagal reactivity”— a measure of heart rate associated with self-regulation and social sensitivity. Those with high vagal reactivity didn’t display reduced empathic accuracy after lying, whilst those with low reactivity did experience the impairing effect. The authors suggest that people who are more socially sensitive to begin with are still able to read the emotions of others even after dishonest behaviour, while those with less reactivity, and therefore less social sensitivity, are more vulnerable to the damaging effects of dishonesty.

It remains unclear how long the effects of dishonesty on empathic accuracy last, and it would also be interesting to explore whether dishonesty makes it harder to detect emotion when we can’t see other people, but can hear their voice, or see words they write online. This might shed light on dishonest actions which touch many of us, such as the spreading of fake news.

Regardless of whether dishonesty is detected by others, the evidence is clear. Cheating can have significant personal costs by reducing our general understanding of the feelings of others, and these are particularly severe for those who already find interpersonal interaction more difficult. So, socially-insensitive con artists – beware!

– [The interpersonal costs of dishonesty: How dishonest behavior reduces individuals’ ability to read others’ emotions.](#)

Post written by Rhi Willmot (@rhi_willmot) for BPS Research Digest. Rhi is a psychologist with an interest in wellbeing, and has explored how topics from positive psychology influence healthy lifestyle behaviour. As a keen runner, Rhi is also interested in the relationship between psychology and optimal performance. She has published internationally, and worked on a number of transdisciplinary programmes, including an initiative to reduce food waste via altering perceptions of “ugly” fruit and vegetables, and a project to enhance quality of life in deprived areas of Mexico.

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Agile processes for stable teams

One of the biggest criticisms of agile methodology is that it is very difficult to transfer from a project team environment to teams engaged in “business as usual” (BAU). In the latter, there is no definable end to the process. Instead of experimenting and making continuous improvements, in pursuit of frequently changing priorities, stable team environments seek to optimise and achieve consistency in workflow and other processes against long-term, relatively stable goals and priorities. Members of BAU teams may take part in a cross-team project using agile principles, or a sub-group within the team may take an agile approach to specific improvement projects. However, trying to run a BAU team as if it were a project team is like asking a marathon runner to fence. Performance for the former comes from consistent pace in pursuit of a fixed goal; for the latter, it comes from constantly adapting how they respond to new and evolving challenges.

So how can BAU teams make effective use of agile thinking? The answer is BEAU – Business *Evolving As Usual*. The starting point for this approach is that the team recognises that it must evolve in tune with and at least as fast as its environment (and particularly its stakeholders and influencers) require it to. The **purpose** of the team provides a relatively fixed point that indicates a required general direction of travel. A BEAU team works on the principle that it will have to make frequent changes to the actual course, to take into account perturbations, changes in wind direction and other predictable or unpredictable events. Periodic recalibrations create the impetus for these course changes and these must be frequent enough to permit rapid, relatively small corrections but not so frequent that members find it impossible to plan.

The annual strategy binge so beloved of many organizations is far too long a cycle to achieve this balance. Like the mother bear’s porridge, quarterly cycles seem to be “just right”, not least because they integrate seamlessly with cycles of appraisal, as we will explore below.

Key components of a BEAU team approach include:

1. *Integration of individual and team development plans.* Critical questions here are:
 - What new or improved skills, knowledge and capabilities does our purpose demand of us?
 - What skills, knowledge and capabilities can we reasonable evolve over the next period?
 - What areas of process can and should we improve?
 - What aspects of relationships and collaboration can we improve within the team?
 - What can we do to enhance relationships and interactions with our stakeholders and influencers?
 - What accountabilities and responsibilities do we need to clarify in order to fully support each other?
2. *Employee-led appraisal and performance management.* One of the problems with traditional performance appraisals is that there is little credible evidence that they actually improve performance. On the contrary, even positive appraisals can be demotivating. A much more effective approach shifts the control and ownership of the appraisal process from the manager to the employee, roughly on a six-week cycle. (So twice every quarter.) The process begins with the employee asking each of his or her team colleagues and some stakeholders outside the team what the employee has done to support them in delivering their part of the team purpose; and

what more they would have liked him or her to have done. Based on this data, the employee creates a performance and learning plan, which details what they aim to achieve over the next six-week period. The manager – and, if appropriate, other team members – coach them and provide constructive challenge. At the end of the six-week period, the employee seeks colleague feedback once more, with the additional focus of how well they met their performance and learning targets and what they have learned as a result of their successes and failures. At the quarterly review session, the team members seek and offer each other help. They also identify recurring patterns preventing improvements and determine how to address these in the next quarterly cycle.

3. *PERILL reviews.* It's not surprising that the questions underpinning the development planning process above parallel the six elements of the PERILL complex, adaptive systems model. At least twice a year, the BEAU team reviews what happened when the whole team was performing at its best; and when this was not the case. Key questions here include:
 - What has changed (or is changing) in the wider systems, of which we are a part?
 - How does this affect our ability to deliver against our purpose?
 - How can we calibrate or actual pace of evolution against the pace the system needs of us?
 - If we are changing at an appropriate speed, is it in the right direction?
 - Who are we listening to most? And who should we be listening to?
4. *Experimentation as a performance indicator.* Experimentation is the bridge between performance focus and learning focus. Quarterly reviews and PERILL reviews generate areas of focus, linked to the question "How can we faster and/or more surely along our direction of travel?" From these areas of focus spin out multiple opportunities for experiments at individual, sub-group and team level. The team agrees which of these it has sufficient capacity, resources and energy for, building them into the personal and team development plans. Subsequent reviews decide whether to continue, develop or drop each experiment, capturing learning for the next cycle. The key here is that experimenting and learning from failure are built into business as usual, rather than seen as an additional task; and that the team can self-evaluate on the level, scope, quality and quantity of its innovation.
5. *The leader as curator.* A major challenge for designated leaders is to keep out of the way, supporting each of these processes but not attempting to control them. As curator, the leader ensures the team has the resources it needs and protects its boundaries – limiting interference from outside that might sap team energy or divert its attention from value-creation. Part of this shift involves letting go of their role as sole coach to members of the team and instead facilitating co-coaching and a coaching style of conversation in team meetings.

These five key principles are different in many aspects to project-based agile methodology, but they are far better adapted to the needs of mainstream teams in organizations. Like agile teams, however, BEAU teams require significant support to learn these new ways of working. Effective team coaching from accredited team coaches can be part of the solution. But the biggest impact comes from step-by-step experimentation, gradually learning how to apply the principles until they become ingrained in the team culture.

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