**Using Teams in Organizations**

**CHAPTER LEARNING OBJECTIVES**

1. Differentiate teams from groups.

2. Identify and discuss the benefits and costs of teams in organizations.

3. Identify and describe various types of teams.

4. Describe how organizations implement the use of teams.

5. Discuss other essential team issues.

Differentiating Teams from Groups

Teams and groups are not necessarily the same thing as they are used in organizations in spite of the interchangeableness of the terms in much popular usage today. In organizational behavior terms, a group is two or more persons who interact with one another such that each person influences and is influenced by each other person. A team and a group differ in that a team works toward a common goal.

In organizational terms, we define a team as a small number of people with complementary skills who are committed to a common purpose, performance, goals, and approach for which they hold themselves mutually accountable. Teams need to have a mix of skills, including technical or functional skills, problem-solving and decision-making skills, and interpersonal skills.

High-performance goals accepted by all members can often challenge the team to create a real“team” by requiring that members pull together to find resources and take a common approach.

**Work groups and work teams differ in three ways:**

A. Job Categories. The jobs in work groups are usually defined in narrow descriptions of highly specialized jobs that require minimal training and moderate effort. In teams, members have many different skills that fit in broad job categories.

B. Authority. In conventional groups, the supervisor makes decisions about who will do the jobs. In teams, the members discuss what needs to be done and the skills available, and then decide for themselves who will do which tasks. In teams the supervisor usually becomes a coach or facilitator who is available to help the team make decisions.

C. Reward Systems. In conventional work groups individuals are usually rewarded for their individual contribution to the group or the organization. In teams, members are rewarded for mastering a range of skills that are necessary for meeting team performance goals, which is sometimes based on team performance. Three types of reward systems are skill-based pay,

gain-sharing systems, and team bonus plans.

1. Skill-Based Pay. Skill-based pay systems usually require team members to acquire a set of core skills necessary for their particular team, plus additional special skills depending on career tracks or other specialties needed by the team. Some programs require all members to acquire the core skills before any member receives additional pay.

2. Gain-Sharing Systems. Gain-sharing systems usually reward all team members from all teams based on the performance of the organization, division, or plant and require a baseline performance to measure against.

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3. Team Bonus Plans. They are much like gain-sharing plans except the unit of measurement is the team, rather than the division, organization, or plant. Each team must have specific performance targets and baseline measures that members of the team trust and believe in.

Benefits and Costs of Teams in Organizations

The real reason for creating teams in any organization is because teams make sense for that specific organization, not because everyone else is doing it. The best reasons for using teams are for the benefits, including enhanced performance, employee benefits, reduced costs, and organizational enhancements.

1. **Enhanced Performance**

Enhanced performance can mean increased productivity, improved

quality, and improved customer service. These improvements can be due to avoiding wasted or duplicated effort, reduced errors, and faster reaction to customer needs that come about by pooling individual efforts and striving to continuously improve what they do.

1. **Employee Benefits.**

Teams can provide the sense of self-control, human dignity,

Identification with the work, sense of self-worth, and self-fulfillment that current and future workers seem to strive for. Employees who work in teams are experiencing a better quality

of work life, less stress at work, and less use of employee assistance programs.

1. **Reduced Costs**

Empowered teams are focusing on continuous improvement in scrap

reduction, fewer errors, fewer workers’ compensation claims, lower absenteeism, and lower turnover. They want to make improvements because they are valued and they have a stake in the outcome.

1. **Organizational Enhancements**

Other improvements include increased innovation, creativity,

and flexibility due to reduced levels of hierarchy and flattened organizational structures. Employees feel closer to top management and feel their contributions are important and make a difference.

1. **Costs of Teams**

Costs of teams include

1. The change can be difficult for managers who feel frustration and confusion about their new roles as coach and facilitator.
2. Some employees may feel like losers, especially staff groups who may have a reduced role as teams do more for themselves. New roles as team members can often alleviate this problem.
3. It can take a long time for teams to develop and to realize the full benefits of a team based organization.
4. Too much impatience can cause some to give up and return to the traditional hierarchical organization.

Types of Teams

Many different types of teams exist in organizations today. Some teams make or do things, some teams recommend things, and some teams run things. The most common types of teams are quality circles, work teams, problem-solving teams, management teams, product development teams, and virtual teams.

**A. Quality Circles**. Quality circles are small groups of employees from the same work area who meet regularly to discuss and recommend solutions to problems (quality, productivity, and others) in the workplace

**B. Work Teams.** Work teams tend to be relatively permanent and do the normal, everyday work of the team, and usually make decisions about how the work of the team will be performed.

**C. Problem-Solving Teams**. Problem-solving teams are usually made up of people from different areas and are relatively temporary teams that are put together to solve a particular problem.

**D. Management Teams**. Management teams consist of managers from different areas and are relatively permanent (usually as long as a manager remains in a managerial position). Their primary roles are to coach and counsel teams to be self-managing and to coordinate the work of the areas they represent.

**E. Product Development Teams**. Product development teams are combinations of work teams and problem-solving teams that create new designs for products or services to satisfy customer needs. Their product development work may end as the new product or service goes into production. In other situations a product development team may transform into a team that is involved in production.

**F. Virtual Teams**. Virtual teams are loosely connected teams of people, usually specialists in different areas, who contribute to the team via computer, teleconferencing, and other communication methodologies on an “as needed” basis. Decisions can be made faster as information is shared via rapid communication mechanisms and the team may only rarely actually meet in the same room.

Implementing Teams in Organizations

Changing to a team-based organization takes a lot of hard work, time, training, and patience. It is really a cultural change.

**A. Planning the Change**. Because it is such a drastic departure from the traditional organization, planning the change takes on special importance. Planning actually takes place in two stages: the first leading to the final go/no-go decision and the second preparing for the implementation.

1. **Making the Decision**. Prior to making the decision, top management needs to establish the leadership for the change process, develop a steering committee, conduct a feasibility study, and finally make the go/no-go decision. The leader needs to have a strong belief that employees want to take responsibility for their work, to be able to demonstrate the team’s philosophy, to be able to articulate the team’s philosophy, and to have the creativity and authority to overcome obstacles.

2. **Preparing for Implementation**. Preparation consists of five steps: clarify the mission, select the site for the first work teams, prepare the design team, plan the transfer of authority, and draft the preliminary plan. The mission states the purpose of the change and summarizes the benefits. The first site is crucial in setting the tone for success of teams. The design team identifies the staffing and operational details to make the

change successful. The transfer of authority from managers in the traditional hierarchy to the team is a gradual process, often taking up to two years. Writing the preliminary plan combines the work of the steering committee and the design team, putting in writing the site, the people, the details of the operational plan, the training needs for team members, and a preliminary master schedule of the entire transformation process.

**B. Phases of Implementation**

**1. Phase 1**: Start-Up. During the start-up phase team members are selected, awareness training is completed, boundaries are identified, enthusiasm is high, and sometimes performance initially increases a bit.

**2. Phase 2**: Reality and Unrest. After a few months, members often get frustrated and confused over the many changes, and often experience some doubt about whether the team is doing any good. Managers need to stay nearby and give support, counseling, and advice to help the team, rather than completely disappear.

**3. Phase 3:** Leader-Centered Teams. Here members wish for a strong leader to lead them out of the confusion. Managers must resist the temptation to become that leader and remain a helper, counselor, and advisor.

**4. Phase 4**: Tightly Formed Teams. Having made it through the frustrating and confusing times and with the help of the new internal leadership, the team can become a high performing one. Often this results in the team becoming so confident and self-reliant.

**5. Phase 5**: Self-Managing Teams. Mature, self-managing teams are meeting or exceeding performance goals, taking responsibility for team leadership, being flexible, self-correcting, and continuously training themselves and others to be better team members.

Essential Team Issues.

Teams need to be initiated, because of performance-based reasons, with

proper planning, implementation, training, and hard work. Two essential elements are proper understanding of team performance and the importance of starting at the top.

**A. Team Performance.** Team performance will not immediately improve in a team-based organization. It may increase a bit at first due to the initial enthusiasm. But it will probably follow the stages of implementation as it goes down during the reality and unrest period, and then rebounds in the second stage, increasing rapidly during the third and fourth stages. It

may take two to six years for the mature, self-managing team to show sustained high levels of performance.

**B. Start at the Top**. Major organization change starts at the top. Top management gives a change the initial impetus it needs to energize and fund the start-up program. Top management is an essential part of communicating the reasons for the change. Top management must visibly support the team-based organization during the low periods, when employees are frustrated and performance declines.