



# The Top Team Imperative

## ***Effective Top Teams Are A Source Of Competitive Advantage But Creating The Right Formula and Dynamic Is Both Challenging And Elusive.***

Teams pervade every aspect of our work lives and have become the accepted method for solving complex problems at all levels in an organization. Most teams play for high stakes but the stakes are even higher when the team operates at the very top of an organization.

Leadership is a team game and it is widely recognized that no matter how smart, agile and charismatic a CEO is, the job of running a complex organization in today's frenetic world is too big for any one person. Accordingly, CEOs use top teams as an extension of their own leadership and power base and to ensure strategic alignment, value creation, positive internal and external relations and robust corporate governance.

It is widely understood that a top team, one charged with creating strategic, operational and institutional value, is a critical success factor for any top performing organization. If the top team can fuse around trust, synergy and mutual accountability, this fusion can become a source of sustainable competitive advantage.

Building a cohesive and productive top team, one that becomes a true interacting and inter-dependent entity, is the key imperative for any CEO. Both the composition and focus of the top team make this a challenging and time consuming task and research suggests that many top teams undershoot or misfire. This paper explores the top team phenomenon and the inherent opportunities and risks and concludes by offering a template for optimizing the top team's performance and results.

*"We must all hang together, or assuredly, we shall all hang separately."*

— Benjamin Franklin

## ***What is a Top Team?***

Top teams are contingent and contextual and vary in their composition, focus and output from company to company. Typically comprised of CEO direct reports, top teams have a unique helicopter view of the whole organization. They also possess the influence and power-base and collective network required to get things done. At OLE Consulting, we define the top team as:

***"A set of executives who are jointly accountable for providing strong leadership around the strategic, operational and institutional goals of their organization in pursuit of enterprise-wide business performance and wealth creation."***

In this definition, the imperative of executive "double-hatting" is built-in – the idea that the members of the top team perform a vertical and horizontal function, namely of leading their own functions and/or Business Units but also in stepping-up to the institutional role of leading the corporation from within the top team.



## How are Top Teams *Different?*

Top teams share many of the characteristics of other teams, mainly around inter-dependence, shared goals and mutually accountability but are different in significant ways. At OLE Consulting, we use the 7 C's Model to define and differentiate the realities of the top team, specifically:

### *Consequences*

Top teams make big bets with big strategies. In no other team are the outcomes of its decisions more important or widely-felt than in the top team context.

### *Complexity*

As noted, top teams lead strategically, operationally and institutionally, and across multifarious internal and external boundaries and interfaces. The ambiguity, complexity and uncertainty inherent in the top team role is unique.

### *Composition*

Top teams are comprised of time-proven, smart, successful and determined people, quite often people who have survived and thrived in highly individualistic environments. Very few teams exhibit and harness this dynamic or "compound".

### *Conflict*

The primary currency of the top team is power – power for self and power for personal areas of responsibility. Both the frequency and intensity of the "socio-political" terrain and the scope for conflict, constructive or destructive, is magnified in a top team.

### *Conspicuousness*

Every team has inter-personal dynamics and political behavior, but the visibility and the symbolic value of the top team sets it apart from other teams. Its interactions, behaviors and conflicts will attract more scrutiny and publicity than any other team.

### *Continuity*

The top team provides a powerful context within which to "assess and develop" potential CEO successors. Career progression is a latent goal in any team but with the CEO role on offer, continuity and succession becomes a heightened dynamic in the top team.

### *Connect*

In no other team is it more difficult to find shared experience and genuine empathy. In terms of "power-distance" it is hard to imagine any other team having the degree of separation in terms of power from the leader to the follower than in the dynamic between CEO and his/her followers.



## What do Top Teams *Focus On* and *Do*?

Overall, the Top Team sets strategy and helps implement the CEO agenda. They set the tone for the organization and model the “winning” behaviors they want to see permeate the organization. They become the eyes and ears of the CEO and represent the company internally and externally.

Two immediate assumptions emerge when considering the work of the top team, specifically:

- Top teams should focus **solely on strategic work**.
- Top teams should **do the work that only they can do** based on their unique positioning, perspective, competence and power base.

While it is seductive for this highly experienced set of executives to get drawn into a vortex of operational work or micro issues like an under-performing business unit, the task is to delegate the micro and stay macro.

The work of the top team includes but is not confined to:

- Articulating and communicating the corporate vision, strategy and goals.
- Ensuring robust corporate governance.
- Managing the growth strategy both organic, inorganic and through the JV network.
- Setting and role modelling the desired organizational culture and setting the “tone”.
- Exploiting enterprise-wide synergies.
- Determining enterprise resource allocation.
- Establishing the organizational change agenda.
- Validating escalated decisions that impact all employees.
- Populating and nurturing the executive leadership pipeline.
- Ensuring CEO succession.

“When you're the janitor, reasons matter. Somewhere between the janitor and the CEO, reasons stop mattering.”

— Steve Jobs

Figure 1: The Executive Officer Role Profile

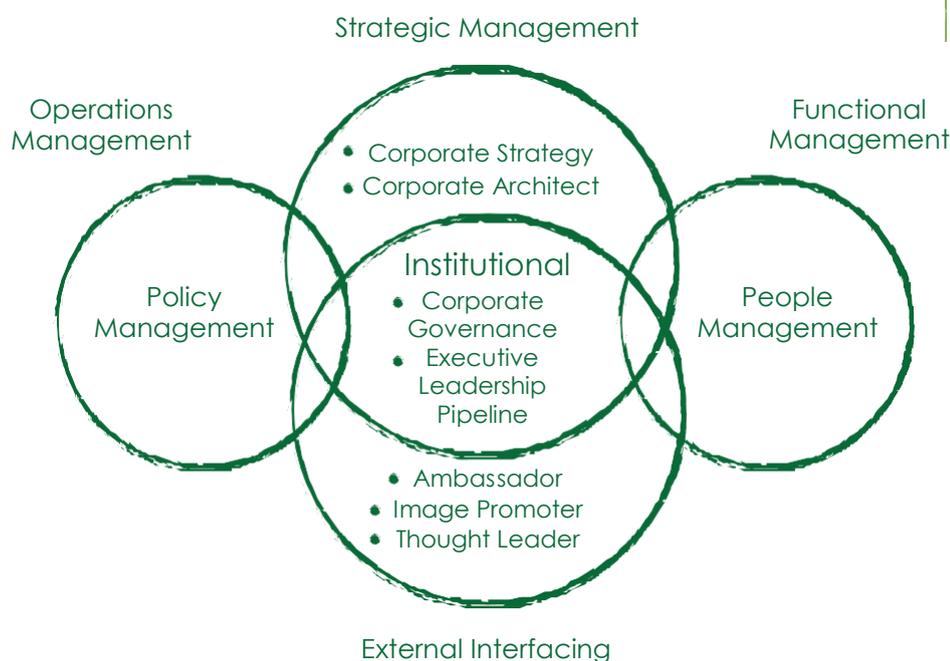


Figure 1 outlines, at a high level, an extended “role profile” of an Executive Officer.



## What can go Wrong?

By their very nature, top teams are notoriously difficult to get right. Even if the team fully agrees with the broad strategic direction of the company a number of structural, systemic and inter-personal dynamics can debilitate top team effectiveness.

Many top teams fail to act like a team. Most operate like loosely-coupled working groups where individual accountabilities and self-interest thwart genuine trust, synergy and inter-dependence. The scope for dysfunctionality is high and a dysfunctional top team can't make good decisions let alone execute them.

At OLE Consulting, we have identified the following dysfunctions that are typically present, to some degree or other, in under-performing top teams:

### Wrong Top Team Composition

Top teams are built as a horizontal cut of the most senior leaders or purely on the basis of all CEO direct reports being included which can lead to bloated and ill-fitting membership.

The top team composition – the compound of the competencies and experiences of the top team – doesn't fit with the key strategic imperatives of the organization at that moment in time (the team that runs a mature organization where there is a focus on prudent growth and where there is a focus on liquidity and capital optimization may not be the top team that governs a technology start-up in rapid growth mode).

Top teams need to be agile and have the nous and "guts" to structure and re-structure the top team based on business focus and goals.

### Top Team Culture is Counter-Productive

High performing top teams create a culture and climate and a set of work habits that encourages, recognizes and rewards "winning" behaviors. The cost of a dysfunctional top team culture, typically manifesting itself in a lack of trust, incoherent goals, silo mentality, excessive politics and sub-optimal performance, is high. In negative cultures "opponents, resisters and blockers" can flourish and cynicism, incongruence and turf wars are inevitable.

### Loose Systems and Processes

Top teams expose themselves to risk if they fail to agree-up front what processes they will use to build the team, communicate, conduct meetings, make decisions and resolve conflicts.

### Toxic Inter-Personal Dynamics

High ego strength, individualism and determination, perhaps even a degree of ruthlessness, is to be expected in a top team. Meshing personalities, values systems, attitudes, personal drivers and the behavioral styles of a senior and diverse group is challenging. Failing to build trust and allowing toxic inter-personal dynamics to continue and fester is one of the most common reasons for top team failure.



Figure 2: The Chemistry-Performance Dynamic



## How to get it Right?

*“It is better to fall among crows than flatterers, for those devour only the dead – these the living.”*

— Antisthenes

Recognizing what can go wrong is only half of the equation. Top team members have to know that their behaviors have widespread ramifications up, down and across the organization. Getting it right is critical. A top team that scores high on chemistry and performance is well placed to win in the marketplace.

Top teams rarely take the time to define their purpose and believe that their scorecard is the sum of their individual contributions. Top teams are not built overnight and no one single intervention will build the top team. It takes an intentional, concerted and well planned and executed effort, led by the CEO, and often with the support of external advisors, to build a cohesive and productive top team. While the list below is not exhaustive it describes many of the drivers of top team effectiveness:

- Set a compelling mission and sense of purpose for the top team, one that guides the head and hands and fires the heart.
- Staff the team with the right individuals with the optimal mix of character, competence and experience who can lead the organization – individually and collectively.
- Set the top team culture around trust, respect, collaboration, mutual commitment and accountability and a winning mentality.
- Establish and entrench solid systems and processes that will help the team govern and manage, communicate and collaborate, and harness and/or resolve the inevitable conflicts that will emerge.
- Maintain internal and external scanning and sensing systems that ensures the top team are knowledgeable on all emerging trends impacting the company, its governance and image.
- Take fast and definitive action against incongruent or destructive team members including freeloaders and blockers.
- Leverage employee perception surveys, 360-degree assessment and a well-chosen psychometric battery to measure top team effectiveness and performance.
- Leverage executive engagement and education processes, including coaching, targeted training and expert keynotes, to build the team around the subjects and skills most critical for individual and collective performance.
- Ensure the team has adequate “renewal” processes in place to ensure in-built pressure valves and time for personal learning and refreshment.



## Conclusion

*"The soft stuff is the hard stuff"*

— Jack Welch

While the constitution, management and governance of the top team are critical issues, it is often the "soft stuff" that matters most – the ability to understand and play to the strengths of each member, the ability to synchronize thoughts, feelings and actions across the group and the creation of a solid foundation of trust where powerful conversations occur and the giving and receiving of constructive feedback is encouraged and rewarded. Ultimately, this team chemistry translates into, and is measured in, performance and results and this performance becomes visible across the company.

In the famous Harvard Business Review case study on the transformation process at Seagate the then CFO, Charles Pope described the top team context, stating:

*"As a top team we synched, respected one and another, and had the ability to align goals."*

*Harvard Business Review, Sept, 2003*

A high performing top team is striking and contagious and can become a source of sustainable competitive advantage. Building, motivating and optimizing the performance of the top team is the key imperative for any CEO. It is widely acknowledged that creating the "secret sauce" for the top team is a complex task but it is worth striving for - getting the top team right is THE critical success factor in organizational alignment, performance and results.

**This article was written by Dr. Brendan McCann of OLE Consulting.**

**OLE Consulting is a boutique Executive Leadership Development consultancy based in the Middle East. We help senior leaders gain the degree of competence, confidence and presence required for success in their roles.**

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