

How to ensure the effectiveness of the senior management team in a downturn economy

In a downturn economy the task of getting the next dollar becomes much more challenging. To add to this, business managers find themselves focusing much more on improving staff performance and productivity. A key driver to achieve all these is an effective senior management team.

Researching well known and varied organisations through a combination of structured interviews and questionnaires with both senior managers and CEO's, shows that many senior management teams suffer from insufficiently defined roles and an absence of formalised measures of success; significantly impacting on the ability of team members to balance day-to-day and strategic objectives, and increasing the possibility of team misalignment and discord.

The study revealed that there appears to be a general consensus amongst CEOs and executives that the senior management team exists for three primary reasons. Firstly, to provide a forum for strategy debate and consideration; secondly, to make decisions that benefit the organisation as a whole and finally, to balance the needs of the whole organisation against the demands of its constituent parts.

In general, role descriptions in any organisation are taken seriously. Yet only one of the participating organisations in this research believed they had team requirements set out in a formally defined role for their senior management team and on the whole, there were no formal measures for determining team success. Instead, CEOs applied an intangible measure of 'feel' to gauge the teams' success; that is, whether the team was harmonious and free from discord.

CEO's see the barriers to improved performance as:

1. insufficient delivery on the team's functional role;
2. 'patch protection' and the lack of cooperation across the organisation;
3. team members not buying into collective decisions and insufficient challenge and discussions.

In comparison, **executives** felt the barriers they faced were:

1. performance issues with peers;
2. uneven contribution from members;
3. poor decision making processes;
4. personality clashes and politicking amongst the members;
5. and that the demands of functional delivery came at the expense of organisation-wide work.

Based on these findings, we can identify five key differentiators between the teams who rated positively and those who rated poorly. Ranked by their importance, high achieving teams have the following characteristics:

1. Task focus: executives are united in pursuing their goals, have similar standards for performance and are prepared to help others to achieve team goals.
2. Development: CEOs and executives consciously consider team performance and invest time in improvement.
3. Norms and decision making: teams have formal processes for decisions, no hidden agendas and use consensus to make decisions.
4. Trust and safety: team members trust peers, surface conflict, and admit to mistakes easily.
5. Contribution to team: colleagues participate, hold up their end and add value.

Although these five factors may appear to be common sense, it is obvious that senior management teams are struggling to master them. Bev Marshall, from Winsborough, **believes** that there are four main reasons why these factors are not being implemented to develop team effectiveness.

Firstly, as mentioned above, the senior management team role is rarely formally defined. Instead, it exists in the assumptions of CEOs and executives and in the team's own habits of past performance. When disciplines are unclear, it is natural for people to stick to the actions and practices that have previously been successful. However, the behaviours that get team members on to the senior management team often do not work as effectively for either team or individual

success in this new environment – i.e. technical prowess coupled with fierce personal ambition.

Secondly, many executives struggled with the need to think both functionally and strategically. This is attributable to the fact none of the executives interviewed had discussed their expectations or had been inducted upon joining the senior team.

Thirdly, time demands and the pressure to deliver functional results on executives have blocked their ability to work as a team. It appears that on many senior management teams members are retreating to their functional roles at the expense of the 'whole-organisation' view.

For teams to operate effectively team members must contribute to the team as colleagues who fail to contribute, or who retreat to a functional position, are key drivers of discontent. This is coupled with CEOs paying insufficient attention to their role as team leaders; they should be especially sensitive to individual performance issues that block people from delivering on their senior team role, and act decisively, which means first coaching and ultimately removing consistent non-contributors.

Finally, poor teams act without reflection. For CEOs and executives to ignore, consciously or not, the behaviour and effectiveness of the team is a sure-fire way to under-perform. Teams that reflect about their own processes and take time to discuss ways of improving see themselves as more effective.

The findings of this research provide some powerful lessons for developing effective senior management teams to ensure that the organisation succeeds to attain its commercial goals despite the downturn in the economy. Organisations must build a team structure with clearly defined roles and processes; and focus on execution of strategy as opposed to day to day operational functions. Choose executives who will effectively drive a particular culture by ensuring values fit where possible.

This article was adapted from an article written by Bev Marshall, MD of Winsborough for the HRINZ publication.

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