The NETWORK ROUNDTABLE *at the* UNIVERSITY OF VIRGINIA

Critical Connections: Achieving Higher Performance by Integrating Networks with Team Efforts at the Top

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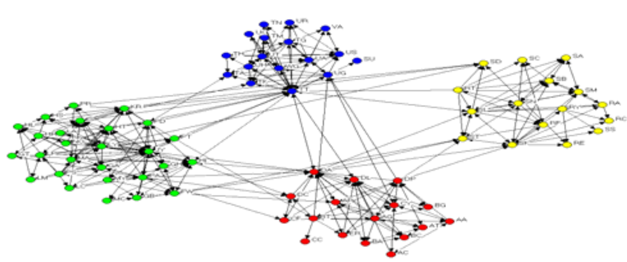

"If I think about what we need to do well, it is not so much about team building or planning for ten years out, as you always see in business books. We do generally get along and do need to think into the future, but these are overly romanticized notions of what it really means to be an effective executive team. To give you an example, it is also key that we have networks that execute quickly on crises or opportunities that require unique combinations of both our expertise and that of groups outside the team. Building this ability to solve big problems quickly is a big deal as the pace of business keeps ramping up, yet we don't focus enough on this in contrast to internal team building and individual coaching…"

As this investment bank president notes, there are a number of things that top executive teams must do well to have a positive effect on their organization's performance. As the core of decision making, resource allocation, critical issue resolution, and strategic direction these teams have an undeniable and substantial impact on their organizations. Yet while their aggregate salaries have skyrocketed, there is little evidence that team performance at the top has kept pace. A non-trivial part of the problem is that top-management groups simply aren't teams in the idealized sense of the word. But without a different way to frame their work and clarify their options for working together, executives rely on inappropriate team-building and process notions that too often create hidden costs of collaboration, excessive consensus seeking, lengthy decision cycles, and diffusion of effort and focus throughout an organization.

Most of us have been on teams in which some members drove substantial progress while others didn't have the expertise, influence, or commitment to make things happen. Rather than a team of equally committed and contributing members, progress in these groups was driven by productive networks among some (but not all) group members in combination with networks that extended to key resources, expertise, and authority outside of the team. Similarly, most executives are quick to acknowledge that top leadership groups they are a part of seldom work as a cohesive team. Far more often, they function in subgroups and networks of alliances knitting together expertise, accountabilities, and personal aspirations. Seeing the work of top teams more clearly – primarily as networks whose real teaming opportunity is limited to subgroup situations – can enable breakthrough performance and innovation improvements.

CEOs typically manage their executive teams very differently when they see how their senior leaders are connected via both internal and external networks. At a rudimentary level, they tend to assign strategic initiatives to those with productive histories of collaboration, expertise, and passion around a topic. They also will often commission focused subgroups to function as real teams, as defined in *Wisdom of Teams*[1]: a small group of people with complementary skills who are emotionally committed to a clear, compelling performance purpose, specific goals, and working approach. Capitalizing on the common interests, complementary skills, and collaborations in a subset of committed executives improves the performance of that group and can have a dramatic impact on employees throughout the organization by not forcing them to wait months for decisions on issues that the full team could not resolve in a given meeting.

Similarly, CEOs who look at teams in terms of network interactions also begin to see and take action on interpersonal tensions or power struggles differently. Too often, an aggressive CEO either doesn't address such conflicts or promotes them as healthy competition. Yet a network perspective reveals that even simple disagreements among senior leaders can drive collaborative silos deep into an organization – often at precise points where those leaders are counting on integration to obtain benefits of scale or scope. Even if all aspects of formal structure are aligned to support integration, these disagreements can have a devastating but invisible performance impact. When they fester within the informal networks of the organization, they create problems long after they have been resolved between the leaders themselves.

And therein lurks the real issue. The line that separates who is on the top team from who is not is one of necessity but one that distorts our view of how executives – collectively and

[1] Katzenbach, Jon R. and Smith, Douglas K., *Wisdom of Teams,*

individually – get their work done. Of course formal designations tell us some important things in terms of decision-making authority and who is most likely to be influential and in the know. But this designation also makes it impossible to see the work of top teams and team members in the context of the myriad networks crisscrossing an organization.

Exhibit 1a makes this quickly apparent by showing a senior management "team" of 18 members (large circles) in a network of the top 700 leaders of a global health sciences organization. In this case, less than 2% of the people (the top team) accounted for almost 15% of the collaborative ties in the network. Clearly the effectiveness with which these executives made and conveyed decisions had a substantial impact on execution and performance throughout the organization. Although assessing internal collaborations among the 18 members revealed some opportunities to revise committee structures and decision-making processes, understanding how this group drew on and exerted influence through the broader network of 700 yielded insights into performance improvement that were an order of magnitude more important.

For example, members of the top team had a disproportionate share of collaborative ties in the network, but those ties were not distributed equally among the 18 executives. One executive held the top spot, with just over 70 people claiming her as a key informational source, whereas another held only four ties. The CEO – who was in the middle of the pack – was shocked by his own relative lack of influence. He was also surprised by the prominence of several team members whom he had not realized were so important in enabling others.

Our research shows that up to 90% of the information that the most-senior executives *receive and take action on* comes through their informal networks – not from reports or databases. When the executives at this health sciences company were able to see the quality and distribution of their connections, and to spot imbalances and biases in the network, they began to uncover the root causes of past decision failures, ranging from poor market entry to ill-advised acquisitions. Equally important, understanding the situation of the top executive group within the larger network prompted each leader to think about positioning strategic initiatives and exerting influence by working with well-connected employees regardless of their position in the hierarchy – not just with those who currently had their ear.

|Editor's Note: Insert Exhibit 1 About Here|

In short, the network view shows the degree to which senior leadership effectiveness hinges not on forming a team of equally contributing members but on facilitating appropriate collaboration through networks and subgroups. By helping executives see this landscape, a network lens brings into focus targeted means of driving performance and innovation deep into the organization. Specifically, this perspective enables executive leadership groups to be more effective in four key tasks:

- **Alignment**: Configuring networks and subgroups at the top to align formal decision making and informal collaborative behaviors that reinforce strategic objectives.
- **Execution**: Crafting decision-making networks that enable efficient and effective execution at key points of delivery.
- **Innovation**: Shaping networks to help the right ideas make it into decision-making and new product development processes.
- **Motivation**: Cultivating networks and focused subgroups to obtain the emotional commitment (as well as the rational compliance) of important influencers and contributors at all levels.

Alignment

Executives often see their primary role as that of the "organizational architect," who aligns employees' decisions and actions with strategic objectives. Moving boxes and lines around on a formal chart – and designing rigorous reporting structures and work-flow processes - can make leaders *feel* like they are ensuring alignment and organizational focus on strategic objectives. Unfortunately, these formal changes often result in counterproductive behavior within the informal networks and ad hoc groupings through which much important work is accomplished. The result is a significant disconnect between strategic intent, formal constructs (structures, processes, and programs), and informal constructs (networks, ad hoc groups, and communities), which leads organizations to underperform. For example, either they fail to capitalize on relevant expertise and resources, or they devote too many resources to satisfying unmanageable and largely irrelevant collaborative demands. Interestingly, the top-management teams themselves often turn out to be the biggest source of misalignment.

Consider a $1 billion provider of IT consulting services with 10,000 employees spread across more than 70 offices globally. In late 2005, the company launched a strategic initiative to move from a branch- and region-centric structure to a matrix organization. The matrix comprised globally integrated business lines and vertical consulting practices working in conjunction with a regional sales force. The strategic rationale was to strengthen the focus on clients while increasing scalability, reducing costs, accelerating growth, and improving career opportunities. Management set an aggressive timeline for the transformation, expecting the majority of the restructuring to be completed by mid-2006 and to be fully operational by the end of the year.

To establish a baseline of the firm's ability to work across boundaries, the senior vice president of human resources conducted an Organizational Network Analysis (ONA) of the top 250 executives and managers. The assessment mapped both information flows and collaborations that had generated revenue for the firm. By revealing the revenue produced through specific collaborations, the ONA demonstrated a number of ways that this network was misaligned with the strategic intent of the new matrix organization. For example, many of the highest-revenue-producing account executives – who had critical expertise and key relationships with clients – operated at the outer rings of the network. As a result, the best expertise of the firm was seldom brought to bear in client sales and project execution. Further, because these people were often the single point of contact with key accounts, they typically had a substantial impact on revenue when they left the firm.

The ONA helped reveal ineffective dynamics within the top team as it worked through a time of substantial organizational upheaval. This particular group had been together for many years and had come to expect certain members to play certain roles. With the transition to a matrix structure, though, many different interdependencies were created that slowed the team's decision making. Furthermore, shifts in power bases emerged that were creating unhealthy competition and conflict. With no real means to solve what he saw as an increasingly contentious and unproductive team environment, the CEO hired a team-building facilitator and had the team conduct lengthy diagnostic and feedback processes to improve morale and effectiveness.

To be sure, the team-building interventions helped change the language and mood in the team's discussions. But an excessive focus on process bogged the team down even more instead of helping it execute faster. When we met with the CEO before conducting the network analysis, he revealed clear frustration that discussions about the process for reaching a decision often took as long as or longer than discussions about the decision itself. He knew the top team's inability to execute rapidly was an impediment to progress and implementation of the new organizational structure. But he also did not want to return to the team's old ways of working together, when hostilities threatened to break out into the open and discussions outside of the team undermined cohesion and the pursuit of common goals.

Assessing the network within the top team helped break this gridlock in several ways. For example, it suddenly became very apparent that decisions required too many interactions among team members themselves and between team members and others in networks throughout the organization. Visualizing this relational overload and its cost to the organization spurred the CEO to assemble subgroups to deal with a range of implementation issues – each of which was given latitude to act and a defined process and time window for obtaining input on decisions. The network analysis allowed the CEO to more effectively form subgroups of people who had a shared commitment, complementary expertise, and histories of productive collaboration. In contrast to the seemingly endless meetings they had been experiencing trying to resolve various issues this step alone had an immediate impact on the team's effectiveness.

The ONA also made clear where political cliques had formed around three team members with strong personalities who had attached themselves to certain issues and then recruited others to support their positions. Although the team facilitator had been able to smooth out some of the destructive dialogue these individuals engaged in during team meetings, she had not been able to see or take action on the ways subgroups had formed around those people, nor had she been able to see the lack of trust between the cliques. In this case, we also mapped networks of trust and found lack of trust between these invisible cliques to be a core driver of poor problem solving on those few issues that did require full team discussion. Although the group had not evolved enough to discuss networks of trust, we were able to use summarized results to raise the general issue of trust and help get team members aligned around goals and a common purpose.

In these and other ways, a network perspective helped the top group shift from the notion of needing to be a team of equally contributing members to the idea of addressing key challenges through carefully assembled subgroups. In addition, the network analysis helped the leaders see beyond their own internal dynamics and pay special attention to those among them who had become overly central in the larger organization. The 10 most sought-out people in the network – all but one of whom was in the top ranks of the organization – had between 24 and 51 people coming to them frequently for information, making it difficult for other employees to get access to them. Though well-intentioned, these leaders had become significant bottlenecks, causing delays in decision making, projects, and sales efforts. Moreover, their actions further solidified functional silos because most information-seeking and decision-approval interactions involved employees seeking out the leaders in their unit.

The excessive demands on this small set of leaders – only 5% of the people managed close to 30% of the revenue producing collaborations in the network – needed to be reduced for the organization to succeed in the new matrix structure. As a result, the company initiated four specific actions:

1) The CIO implemented an expertise locator to help people find resources across the organization. He also established global solution teams so that subject-matter experts were leveraged across regional boundaries.

2) The CFO redefined dollar thresholds so that lower-level employees could make pricing decisions. For example, a group one level below the VPs was given decision rights regarding solutions and pricing. This move strengthened the

group's performance and dramatically reduced the time and effort it took to approve relatively small, low-risk projects.

3) The company held educational sessions on such topics as service offerings, delivery experience for service offerings, and rules of engagement between regions and business lines. These sessions taught employees across the organization how to work in the new matrix structure.

4) The senior leaders encouraged a culture of responsiveness and increased information flow down and across the hierarchy. For example, they encouraged people to return calls and e-mails within 24 hours regardless of the seeker's title or position.

Although the firm tried to alleviate relational demands on those at higher levels, it also realized that many highly connected leaders could use their informal influence to accelerate change. For example, as the leader of the newly formed Application Services unit, one of the largest global groups, Peggy Smith was well connected. Yet when looking at her group's network, she saw that people were not collaborating across regions. Instead of creating committees among those in certain positions in the formal structure–a common approach to repairing such problems–Peggy used the ONA results to identify highly connected people in various regions, and then she and her reports forged ties with well-connected parties in other regions (see Exhibit 2). This helped Peggy and her direct reports build critical collaborations rapidly and efficiently across regional boundaries with well-connected colleagues – not just with those occupying a given role or position on the formal chart.

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A second ONA, conducted six months later, showed that network behaviors were much more closely aligned with the strategic objectives of the matrix structure. As a result, collaboration was more evenly distributed, and employees were able to get the information they needed and decisions approved much more rapidly because fewer queries and decisions were elevated up the hierarchy. In addition, the group as a whole obtained greater leverage from its peripheral members, many of whom were in key client-facing roles. For example, the second ONA revealed a 17% increase in ties to and from the account managers who had previously been on the network's periphery. Not surprisingly, these new relationships had a positive impact on client-service and account-penetration measures. Most important, the network was better integrated across functions and regions, an improvement crucial to the success of the matrix structure. Employee collaborations across functions increased by 13% and produced numerous examples of improved client service, sales, and best-practice transfers at these junctures.

In sum, ONA accelerated the company's transformation from a branch-centric to a global operation by involving the top layers of leadership only in appropriate interactions and by eliminating most of the bottlenecking aspects of the senior leadership group. As one highly central VP said, "ONA helped us realize the degree to which the enemy was actually us…before that we were spending too much time finger pointing and fire fighting in ways that were actually making the network dynamic worse." Even more impressive than the network improvements were the company's revenue increases. Results from the second ONA showed a 27% increase in sales collaborations of up to $500,000; 15% for sales between $500,000 and $2 million; and 9% for client sales between $2 million and $10 million. In aggregate, these results boosted the firm's revenue by nearly 10% on an annualized basis.

Execution

Reflect for a moment on a typical work week. In that time span, what percentage of your time do you spend in meetings, on telephone calls, and responding to e-mails? Audiences we speak to claim that the figure is between 80% and 95%; those at very senior levels often shout out, "Is there anything else I do at work?" and describe how they plan their days in 10- or 15-minute slots devoted to various interactions. Most of us have experienced situations in which phenomenal amounts of time were consumed interacting formally and informally to gain agreement on a simple course of action. It can be very frustrating trying to navigate a bureaucracy to reach an obvious decision or having to endure unhelpful colleagues who – not satisfied with being unproductive on their own – waste the time of many others in endless meetings and conversations. We tend to accept these interactions as inevitable. Clearly, we can't do away with all or even most of these collaborations. Imagine, however, if we could improve their efficiency by 10% or even 20%.

This is a realistic goal if senior leadership groups are aware of how their own behavior is magnified throughout networks and can thus contribute substantially to the costs of collaboration. Consider another organization involved in our research program – one of the world's largest data processing and outsourcing organizations – in which we mapped the top 210 leaders. Over the course of several decades, this organization had grown into a premier provider of outsourcing solutions for a wide range of employee services such as payroll, benefits administration, tax-compliance management, and retirement. At the time of our analysis, the firm was reporting revenues of several billion dollars a year from a client base with a strong international presence and great depth in key industries such as manufacturing, professional services, health care, and retail.

Realizing that an acquisition strategy and diverse portfolio of businesses would not deliver the desired market premium to shareholders, the CEO initiated a strategy of organic growth. A series of actions were undertaken under a “one firm” concept that would help encourage better synergies and cross-selling of products from various business units. As a component of this initiative, the firm asked us to conduct a network analysis of the top four layers of leaders in order to diagnose where collaborative breakdowns in the network might be undermining the ability to execute strategically.

The top team consisted of executives from different functional and industry settings. For example, some were former partners in major consulting firms, and others had grown up in entrepreneurial situations. Although the members of this group clearly had a good mix of capability and experience, they seldom had occasion to function as a real team because most of their critical performance and growth issues did not warrant equal time commitment and contribution from all members. Moreover, in the subgroups or “kitchen cabinet” gatherings that formed naturally, the emphasis was on political dialoguing and communication rather than the pursuit of specific performance purposes. Although the overall challenge of “one firm” was attractive, it did not in and of itself lead to disciplined application of the basics required for real team performance at the top. It short, the group conducted its formal sessions efficiently and functioned primarily as a working and information-sharing body.

The top team could have been more rigorous about identifying its teaming issues and forming more accountable subgroups, but the pressures of each individual’s executive responsibilities worked against that approach. As a result, the group members fell into the pattern we see in most teams at the top – devoting most of their attention to their formal executive responsibilities and using their time together primarily to update one another. The occasional subgroups were either informal happenstance or were set up as single-leader working/dialoguing groups in which an appointed leader runs the group time-efficiently and hierarchically rather than as a collaborative and committed team.

Nevertheless, the top leaders did have a substantial impact on performance by attending to the effect they had on collaborations throughout the organization. In this case, the information network revealed a number of targeted opportunities to drive new-product offerings and broaden sales by better integration across business units. We also used the network analysis to see where and how collaborative time was spent and so to reveal a hidden "cost of fear" that leaders had created. By this we don't mean that employees were physically scared of leaders but that they feared public reprimand, private reprisal, and the career consequences of taking risks. Those fears drove costly network dynamics as collaborative time was directed up the hierarchy.

The ONA revealed substantial opportunities to improve the top management team's effectiveness through more structured meetings and decision protocols. Our results showed that 64% of the time consumed by each person on the team was a product of interactions with other members. Clearly, too much time was being spent in coordination efforts rather than in interactions with these leaders' direct reports, the broader employee base, and, certainly, key clients. Further, when we looked at time consumed by various roles in the network, we saw that the relatively few members of the team were substantial drains on the overall network. On average, each senior leader consumed 190 hours a month of other people's time in one-on-one and group meetings. We quantified this drain on the organization by applying loaded compensation figures against time spent. In the context of these kinds of costs, the decision to position certain decision rights lower in the hierarchy was a no-brainer. In this case, it made a lot of sense for leaders to let go of routine decisions – such as simple promotions and pay raises, travel approvals, and pricing – in order to lighten the burden imposed on the network.

However, further conversations revealed the cultural and leadership behavior component of these costs. One more junior member of the top 210 put it in clear perspective: "The network results definitely showed that we are hierarchical in decision making and that we can put a real cost to that in ways that have finally captured the attention of our leaders. Before, I think they thought it was grousing and they, of course, did not want to give up control of things – and neither would I probably if I were in their shoes. But this has forced the conversation to the forefront and helped shift certain decisions down to where they should be. What is even more interesting is that it has motivated the cultural question of intimidation, and by that I mean people over-preparing for their leaders or keeping all but bullet-proof ideas silent. We easily spend four to five times that amount of time in preparation for these meetings. So the cost of our hierarchical tendency had become enormous overall."

Innovation

The increased complexity of most new products and services, reduced development cycles, and leaner budgets require that innovation efforts bring together a depth and breadth of expertise – from both inside and outside the firm – faster and more effectively than ever before. Unfortunately, most executive groups attempt to spur innovation in ways that minimize or ignore entirely the critical role of networks. Effective innovation derives from more than just having the best and most relevant talent in-house. It also requires focused senior leadership efforts to balance the position and influence of this expertise in the network. Too often a small set of experts can dominate an entire network and channel innovation along ineffective trajectories. An informed network perspective can help top groups determine if outdated paradigms are dominant and relevant expertise is being relegated to the fringes of the network.

For example, we worked with the top team in the R&D function of a well-known consumer products organization that had been struggling for several years with innovation along certain strategically important trajectories. To address this concern, the team had undertaken an alignment process using a high-performing-team intervention to create an atmosphere of candor and openness. This *six-month* long process relied on interviews written up into a commentary that gave the team an overview of the current state of its behaviors. The intervention proceeded through one-on-one sessions and group activities to flesh out issues and interdependencies and allow the team to practice high-performing team behaviors in a safe environment. Unfortunately, the primary emphasis was becoming a high-performing team rather than achieving a clear, compelling performance purpose.

Not surprisingly, therefore, this team’s intervention resulted in some improvement to the speed of decision making but did not generate a transformational change in performance. Resistance to the intervention itself was one of the main barriers to transformative performance, as skeptical and analytic team members too often discounted the team consultant’s feedback as “one-off” issues. In contrast, we set out to understand the team’s interdependencies by analyzing the interlocking individual objectives of the team members along with typical maps of information flow, decision making, and trust. Using network analysis to analyze how team members’ objectives overlap created a clear, data-based, and objective view of the team’s interdependencies. This systemic analysis depersonalized the feedback, which allowed all team members, regardless of their learning style, to address issues in a much more open and productive way.

The broader network analysis also helped the team see that the expertise of people in influential network positions had a pervasive and enduring impact on the entire R&D function. As an example, Exhibit 3 shows that nutrition, one area of technical expertise, was central in the network and so influenced numerous conversations about possible opportunities that occurred outside of the formal review process. The nutritionists, many of whom were well-regarded scientists, were overly wary of exploring new and potentially disruptive ideas. As a result of their choke hold on the network, very attractive market and product possibilities were dismissed far too frequently.

One such idea was low-glycemic foods (foods that create a longer “sense of fullness” because they take longer to digest). Several competitors were pursuing these foods as the next big opportunity after the low-carbohydrate craze. However, rather than take what many thought was a prudent risk, the nutritionists rejected low-glycemic foods as a potential product platform. Unfortunately, this possibility was not screened in a formal review or transparent meeting; instead, it was eliminated in a way invisible to senior leaders and decision makers. Simply put, informal influencers in the network effectively killed the idea in casual conversations and hallway interactions; the possibilities for and merits of low-glycemic foods never came up for formal consideration.

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Whereas nutrition was overly influential in the network, other kinds of expertise, such as sensory science and quality services, were often overlooked. Had they been more seriously involved early in new-product-development discussions, these other technical competencies could have yielded substantial quality and efficiency benefits. Yet these areas had become marginalized and the experts' voices drowned out. Instead of being invited into problem-solving discussions, these employees were simply told what those in more central network positions required from them.

In this case, the network analysis helped reveal how people in privileged positions in their organization's information networks – who are not always or even usually high in the formal hierarchy – can have a substantial impact on how an innovative idea is developed and implemented. Typically, when senior managers initiated brainstorming or problem-solving sessions, they invited the people they knew and liked. Unfortunately, these people were often not the best choices. They tended to be central only in their own groups, wedded to a certain way of doing things, lacking a good sense of the capabilities of individuals outside their immediate group, and rarely influential in other groups with which they might need to coordinate. Selecting those heretofore invisible, but better-connected, brokers gave leaders a much broader sense of the innovation possibilities.

Beyond understanding key influencers deep within an organization, a network perspective at the top can also illuminate the creative capacity and likely innovation trajectories driven by the top team itself. In this light, ONA enables CEOs to see which departments, projects, and clients have the greatest "share of mind" in top team discussions and decision making. Consider a high tech software firm with roughly 700 employees that had experienced close to 50% compound annual growth for several years. Here we conducted a network assessment of the entire organization to see how networks would either enable the company to continue such rapid growth or form a trap if employees became overly reliant on the informal processes and styles of leadership that had made them so successful. One clear concern for the senior leaders emerged as they began to understand the relative informational influence of the departments around them.

Exhibit 4a shows the departments within this organization in terms of the degree to which they had the ear of the top team for both information and problem-solving interactions, as well as the degree to which interactions with employees in each department energized those in the top team (represented by circle size). It turned out that some departments were not as influential as they should have been given the company's strategic growth plans. Moreover, the departments that did command senior leaders' attention were doing so in a way that drained, rather than energized, those in the top group. The networks in these areas were mired in fire-fighting and problem-solving interactions that had begun to sap the top team's energy and precluded them from seeing and discussing important innovations.

Let's compare Department 7 and Department 8. Both had between 30 and 40 weekly information exchanges between senior leaders and employees in these departments. But although each department clearly had access to and influence on the top group, the pursuit of strategic innovations and funding tended to be directed almost exclusively to Department 7, despite very powerful reasons to invest in efforts from Department 8. Not surprisingly, the energy associated with each tie was much greater for Department 7 than for Department 8 (as reflected here by the difference in circle size). When pushed, the senior leaders realized this was a mistake – viewed analytically, the best investment options should have been focused on Department 8. As a result, the company made a series of new investments involving this department, and senior leaders became much more focused on maintaining a balance among departments and being aware of their own emotional investments in strategic discussions.

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The informational and emotional impact of networks works both ways: In addition to understanding how networks deep within an organization may be introducing certain biases into the work of senior leaders, it's also important to examine which leaders are truly capturing the hearts and minds of the workforce. Exhibit 4b, which shows each leader's informational influence and energizing effect on others, reveals the degree to which individual leaders encouraged the creative capacity of employees.

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This outside-in perspective helped the senior group see that some of them needed to be much more accessible to the broader organization. Perhaps more important, each of them saw, in customized reports, which departments found him or her energizing and which did not. In previous research, we have found that leaders build enthusiasm around them by consistently demonstrating nine specific behaviors. At this company, we used these findings to help each leader consider behavioral changes that would help them energize employees as well as tap into the existing energy throughout the organization – a topic we turn to next.

Motivation

Formal alignment and execution efforts alone seldom produce the broad base of emotional commitment that characterizes perpetually high-performing organizations such as Southwest Airlines, Google, Microsoft, and the U.S. Marine Corps. Senior leaders of such institutions learned the hard way that the informal elements of the organization are at least as important as the formal ones. The network lens can help these leaders identify those deep within an organization who have both positive and negative effects on culture. Of course, culture and engagement surveys can reveal if employees are more positive in certain functions than in others or if leaders feel differently about the culture than followers. Although helpful at one level, engagement surveys provide little insight on the myriad informal networks that make certain voices and perspectives louder than others – and that often produce the kind of peer interaction that makes people feel good about their work. They do not allow leaders to see, for example, which values are held by those who are highly central in the network and therefore more influential in the organization. Nor do they highlight the people in the organization who are the true "energizers" – those who help the people they work with feel good about – and take pride in – their work.

The problem for most companies lies in their failure to mobilize the informal as diligently as they manage the formal. In an interview at Google, we learned that the company still relies on practices – which have never been codified – from its start-up days in areas like employee indoctrination, training, development, and communication. For example, new hires are still expected to "figure the place out largely on their own" – which can take as long as a year – to ensure that they discover the key influencers and informal networks. Google has developed formal processes, programs, and metrics. However, as one senior executive described it, "It's like waiting to pave the walkways on a college campus until the trails have worn through the grass."

In the USMC, values can be found on wallet cards and wall hangings, but those do not explain the Marines' value-driven culture. The infamous boot-camp Crucible (54 hours of 16 nonstop, no-sleep stressful drills that mark the end of boot camp) is memorialized with different plaques at the start of each drill that depict a Medal of Honor recipient modeling one of the Marines' three core values. Most Marines will tell you that what truly determines how they behave is not such formal displays of values but the informal peer-level enforcement of them.

The informal networks of peers start with role-model drill instructors at Parris Island. These networks are perpetuated more broadly through “letters to the editor” in the Marine Corps Gazette, plus countless informal connections among non-commissioned officers and former colleagues around the globe.

Clearly, organizations such as the USMC have cultivated their informal networks for decades (over 200 years in the USMC). The good news is that motivating networks can be created, shaped, and influenced more rapidly if and when a senior leadership team takes on the task as an accountable priority. But the motivational challenge of obtaining emotional commitment across the front line is not simply a “team-at-the-top” task. It is a much broader challenge that depends mostly on building frontline supervisory capability and peer support to instill pride in the work itself. Although a small, focused senior team might shape initiatives to that end and activate networks down the line, it is the personal connections between workers and their supervisors that produce the emotional commitment to change behaviors. These informal elements of organization provide the interfaces that differentiate the emotionally committed work forces of peak-performing companies from the rationally compliant employees in most organizations.

Consider the case of Bell Canada, Canada’s largest telecommunications company, which found itself facing a level of upheaval unprecedented in its 125-year history. The changes came from all directions: New market entrants were competing for the company’s customers, disruptive technologies were threatening its business model, constantly evolving customer preferences were challenging its product development capabilities, and unforeseen regulations were changing the rules of the game. It was clear that Bell would have to take some bold actions to weather the storm.

Taking stock of the situation, Michael Sabia, Bell's CEO, began a sweeping effort to formulate a new strategy, reorganize the company, and redesign core processes. Unfortunately, the early results were not as promising as he had hoped, and the reason soon became clear: The frontline workers were not committed to the program. If Sabia's changes were to boost the bottom line, customers would have to notice them. That meant that the workers who came in contact with customers every day had to buy in to the change effort. But feeling demoralized after months of downsizing and suspicious of future lay-offs, frontline employees were reluctant to support the effort.

So Sabia turned his attention to identifying ways to generate emotional commitment to change among frontline employees. Early on, however, it became obvious to Sabia that his "team at the top" was not well positioned to penetrate and connect with the front line. A diagnostic revealed that many of Bell's frontline employees felt proud to work for the company. After all, they were helping millions of Canadians connect with their families, friends, and colleagues. Moreover, pockets of pride existed in some surprising places, such as the declining payphone unit. However, employees' anxiety about the future of the company and their jobs was eclipsing much of this positive engagement. An executive sub-team was tasked with finding a way to tap into the front line's latent pride in their work and in the institution. Members of this team were chosen for three reasons: They believed in the potential value of motivating frontline behavior change, whereas most other members of the senior "team" were skeptical; they had the complementary skills and commitment to search beyond the formal constructs to find faster ways to spread the emerging motivational capability; and they were well networked across the organization in other than hierarchical ways. Early on, the team recognized the critical difference between pride in the company and pride in the work itself. The former encouraged broad support and loyalty, whereas the latter would be critical in motivating behavior change where it matters most.

As a first step, the sub-team asked the HR department and selected company leaders to come up with an initial short list of “key influencers” and master motivators (who became known as “pride-builders”) at Bell. The 14 people who were identified came from different parts of the organization – they worked in sales, in middle management, in call centers, and in the installation and repair department. In-depth case studies of these people revealed five pride-building behaviors that were consistently displayed by each: Know your people (as individuals – not just as employees), recognize success (in the journey as well as at the destination), maintain the course (particularly when the going gets tough), use facts (rather than opinion and hearsay) to make decisions, and broaden the work in ways that increase employees’ pride in what they do.

The sub-team’s informal interactions with these initial 14 pride-builders gave the team confidence in the power of a pride-building movement – focused on the work itself and based on creating informal networks and larger communities of potential pride-builders – to effect real change for the organization. The next step was to identify and interview an additional 50 to 60 potential pride-builders; the subsequent wave brought 100 more into the fold. Early informal networks were nourished and expanded into a virtual community of potential pride-builders and frontline motivators. As the community grew, its members were periodically brought together to connect with one another and to collectively decide what they wanted to do to instill pride in the work as well as build pride more broadly at Bell.

The pride-builders were asked directly by Sabia as well as other leaders what they needed from Bell to help develop their capability. Among other things, they said that support from the executive level would help them be more effective in spreading pride throughout the company.

Although they were glad that the effort was viewed as a bottom-up, grassroots movement, they believed strongly that visible support from senior leadership would give the movement credibility. In recognition of the importance of involving all levels of the organization, an executive working group of vice presidents and senior vice presidents was formed to support the pride effort. On occasion, the group would function as a real team, but most of their efforts did not require the kind of disciplined team performance behaviors that *Wisdom of Teams*[2] defines.

The pride-builders were critical in getting frontline employees on board with the organizational improvement effort. As part of a series of performance pilots across the business, pride-builders spread positive behaviors that improved both performance and employee satisfaction. By identifying the behaviors of top performers and change agents, and by incorporating sources of pride to motivate others to adopt those behaviors, Bell was able to ensure that its customer-facing organization was ready to deal with strategic shifts and changing market forces.

These efforts paid off. The pilots generated double-digit improvement in employee motivation, customer satisfaction, and revenue and productivity. This clearly confirmed the value of a pride-building capability to the bottom line. In one pilot, productivity (in calls per hour) increased by 28%, quality by 40%, and pride and motivation by 45%. The community's efforts were such a success that it was featured in the CEO's Letter to Shareholders, where Sabia wrote, "These (pride-builders) were exceptional people – the kind who are leading the charge in building a new Bell."

Today, the pride community includes more than 2,500 potential pride-builders across the company's businesses and has touched more than 8,400 employees (approximately 20% of the total number). Members of the community are widely recognized for their ability to instill pride

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[2] Ibid.

to achieve superior business results, and they regularly participate in Bell-wide initiatives, conferences, and business unit presentations to provide the pride perspective. The story of Bell Canada's pride-builder community shows how the combination of a bottom-up movement and strong senior support can create a culture of pride that can carry a company through tough times and beyond. There were a number of instances in which a small, focused group of senior leaders functioned as a real team, but most of the momentum for change came from strong leadership from the CEO himself that leapfrogged the formal structure to get momentum and support from the growing networks and communities of pride-builders across the front line.

Conclusion

Clearly, teaming at the top is a multifaceted challenge. It is not simply a matter of obtaining cohesive behavior and collaboration among the CEO's direct reports. There are two traps that many leadership groups fall into. The first is failing to make disciplined choices about when and how to team in small groups, and the second is overlooking the opportunity to integrate individual and small group efforts with focused organizational networks. Avoiding these traps requires more than leadership instinct and good intent. The real teaming and network options need to be understood, explored, and integrated into a dynamic senior-leadership process. They constitute important, conscious choices for executives who want to take their "team at the top" game to a higher level.

Exhibit 1a

Top Team in Context

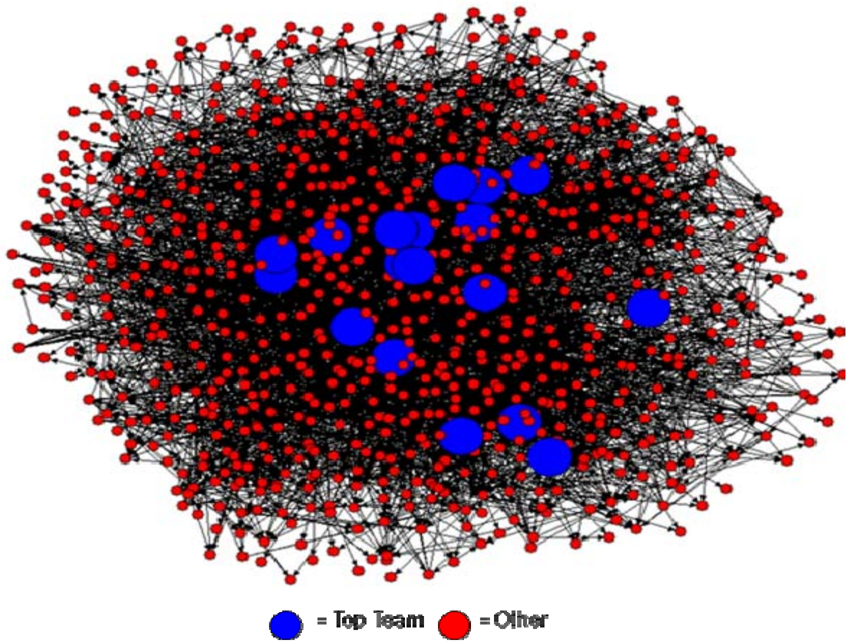

Exhibit 1b

Top Team Connectivity Within and Across Organizational Lines

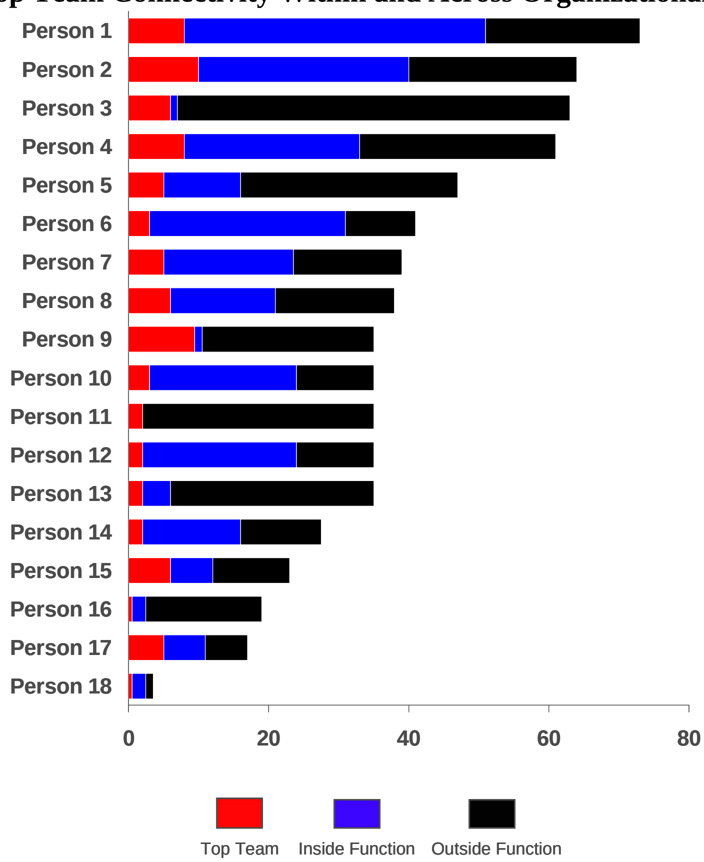

Exhibit 2
Facilitating a Matrix Structure through Targeted Connectivity

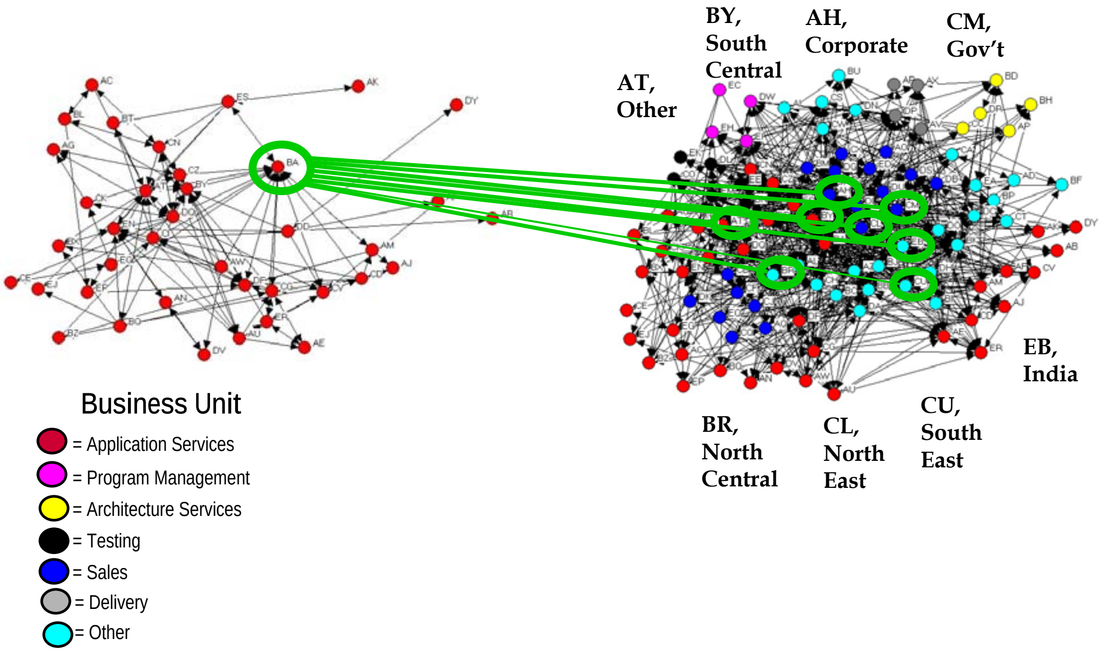

Exhibit 3
Visualizing Influence of a Core Technical Discipline in Network Terms

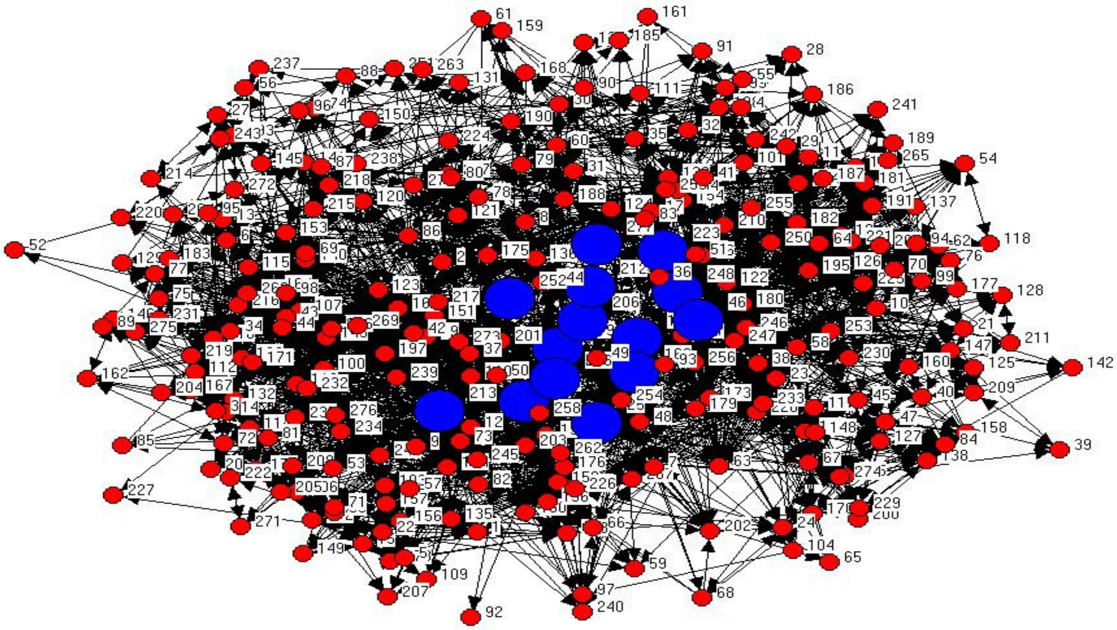

Exhibit 4a
Visualizing Departments That Had Greatest Informational Influence and Energy Impact on the Top Team

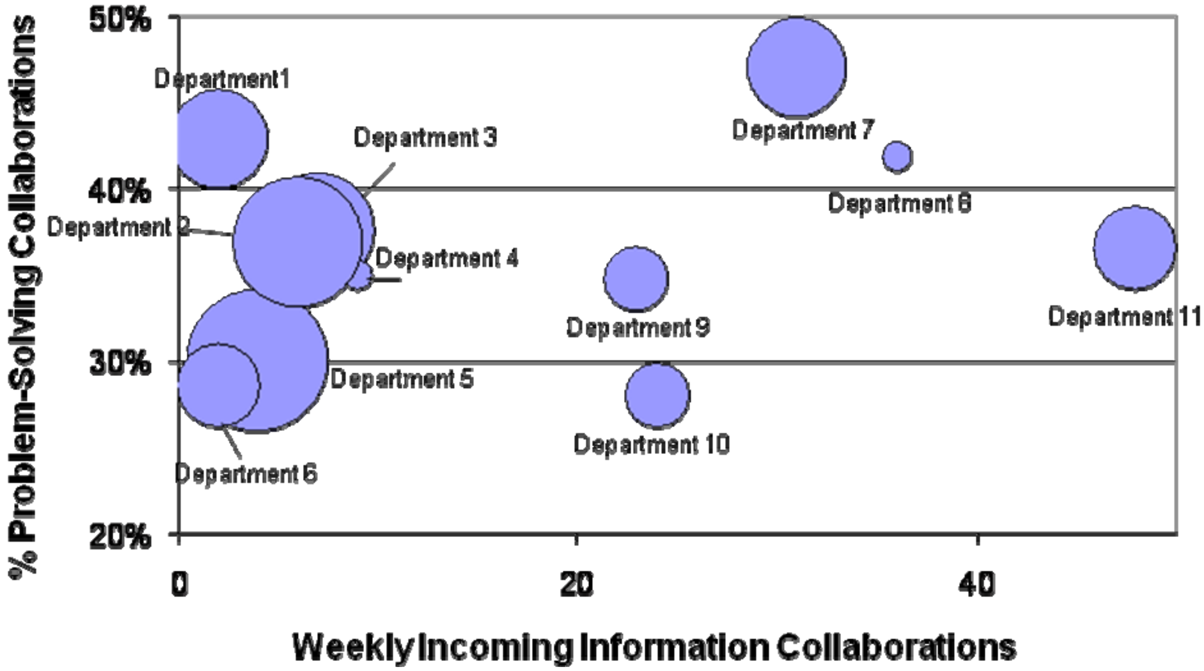

Exhibit 4b
Visualizing Top Leaders Effect on Employees in Terms of Information Flow and Energy