Learning Objectives
By the end of this chapter, you should be able to:

- Describe the reasons behind the upside-down pyramidal model of organizations.
- Discuss the interrelationship of business reengineering processes and teams.
- Cite the factors that define a team.
- Describe five types of teams.

ORGANIZATIONS RESPOND TO CHANGE
"The good news: Nobody really knows what they're doing or where they're heading. The bad news: If you still believe in hierarchy, job descriptions, and functional boundaries, and are not experimenting madly with new approaches to boundary less, networked, virtual organizations engaged in ever-changing global conversations with ever-changing partners, you are already in deep yogurt. Big firm or small, the opportunities have never been greater - and the downside never more certain. All that's left is to change everything" (Peters, 1993).

In today's competitive and complex society, organizations are seeking new ways to cope with or even take advantage of change. Technological developments, the shifting of global market forces, and the realignment of competitive strategies have created an environment that mandates that every organization, regardless of size or purpose, develop the capability to respond to continuous change. As the pace of change accelerates, so do the effects of change making themselves felt on organizational life.

Analysts such as Peter Senge, Tom Peters, and others have explored the ways in which constantly increasing global complexity has intensified the struggle for survival among organizations and even entire industries. Seminal
studies such as Made In America have focused often harsh spotlights on once-fiercely defended foundational beliefs regarding organizational purpose and productivity.

As they teeter on the brink of seeming chaos, many organizations question even the underlying philosophical assumptions about management effectiveness and productivity on which they have built long histories of success. They face a choice. They can try to hold back the tide of change or they can try to harness its power. They can persist in ever more outmoded ways of doing business or they can invest now in new ways to satisfy customer demands, fulfill employee expectations, and meet revenue and survival goals.

THE BIG PICTURE

In many organizations, team activities such as the ones we'll explore in this course are a manifestation of a much larger strategic effort. They arise because many organizations (some belatedly) recognize that changing times demand changing responses. An organization that fails to constantly renew itself simply won't survive.

For a time the results can appear to be calamitous. It sometimes seems that people, procedures, and policies are all fair game in the name of protecting profit. It's true, the struggle to survive certainly does roil the waters. It brings into question long-held, long-valued beliefs. The task isn't easy, but the concept is simple: To continue to grow and prosper, organizations must identify and satisfy their customer's needs. That truism holds—amid all the talk of societal change and global competition—just as it has held since the first Phoenician ship owner agreed to carry cedars from the forests of Lebanon to the Egyptian desert.

In fact, the most revolutionary organizations are, in a sense, those that return to ancient basics. After all, the way to success for any organization always has been and always will be:

1. Learn the needs of your customers.
2. Satisfy them with excellent products and services.
3. Do it at a profit.

Simple. Clear and simple. Yet somehow, over the years, bureaucracies solidified like layered lacquer, obscuring the true purpose beneath the surface of every organization. Today, organizations are trying to simplify in every way to get closer to their customers.

THE QUALITY REVOLUTION

Make no mistake about it; there is a quality revolution going on, and revolution means change. Customers have come to realize that they have the power
to define excellence. Excellent performance, excellent products, and excellent service are whatever customers say they are. Customers of every industry are fed up with so-called customer service that, from their point of view, is nothing more than lip service.

Surely you can think of your own examples of poor service. Maybe it was a rude teller at the bank. Or was it a clerk in a department store, a salesperson at an auto dealership? A telemarketer, a manager, a custodian? Perhaps you fell victim to the "it's not my job" flimflam, or endured endless minutes on hold, listening to Glen Gray and the Casa Loma Orchestra's latest hit.

The point is: More and more customers such as you are refusing to put up with shoddy treatment and poor merchandise, whether in the supermarket or the industrial market. In search of quality, they're taking their business elsewhere.

Conventional wisdom holds that poor service is five times more likely than high prices to cause a customer to switch to the competition. By the same token, high quality service keeps customers coming back. One good experience can convince them to try your organization a second time. Repeated good experiences can make a customer for life.

BUILDING A PYRAMID

Why is it difficult for a traditional organization to create those repeated good experiences? First, it's difficult because many traditional organizations believe that a manager's job is to tell people what to do and then make sure they do it. Thus power remains at the top. All communication flows steadily down, occasionally across, and rarely up. Rules come first and policies prevail over personal judgment. In fact, conformity is rewarded and risk taking is punished. As time goes on, the structure assumes a life of its own as a self-sustaining model of management whose ultimate value is making the system work for its own benefit and survival.

In those ways, the traditional organization may in fact erode, not enhance, an organization's competitive advantage. In response to the need to satisfy customers, some forward-thinking organizations have changed the way they see their organizational structure.

They've stopped seeing block diagrams and hierarchical reporting relationships. Instead, as shown in Exhibit 1-1, they envision themselves as an upside-down pyramid, with customers at the top and everyone else (manufacturing, administration, human resources, and executives) in support of achieving customer service and satisfaction.

As discussed by Karl Albrecht in *At America's Service*, the upside-down pyramid puts customers at the top. The people who directly serve customers are in the next level. And everyone else, right down to the chief executive officer, board of directors, and stockholders, support the top two levels.

In an organization so structured, the relationships among people and departments take on an entirely new dimension. Gaps between functions and groups tend to narrow. When all groups have one common goal-customer
satisfaction-differences among them start to blur. Customer satisfaction becomes the organization's driving force.

**BUSINESS PROCESSES AND REENGINEERING**

As a result of new insights into the need for cooperative efforts to build customer satisfaction, hundreds of organizations large and small have begun efforts to reinvent the way they do business. It's a complex undertaking that entails a lot of risk. In what has now become the classic approach, organizations literally start from scratch. They ask themselves, "If we were going into this business today, what would it take; how would we organize; how would we measure our achievement?"

The effort has come to be known as *reengineering*. As an organization concentrates on achieving the common outcome of customer satisfaction, it
often discovers over reliance on and allegiance to functional groupings. That allegiance to "stovepipe" loyalty fosters competing objectives, conflicting policies, juxtaposed systems of performance measurement and recognition, incompatible information systems, and many other obstacles to individual and organizational performance.

Unfortunately, to some the term reengineering has become a code word for cost cutting and staff slashing—in short, the ultimate euphemism for downsizing, reductions in force, and layoffs. That's not what true reengineering efforts are all about.

As Exhibit 1-2 shows, reengineering can give an organization the ability to see customer satisfaction as a business process that transcends departmental boundaries, as a seamless series of events that result in the creation and delivery of excellent products and services.

Implementation of the process view of customer satisfaction helps end departmental wars. It erases unbreachable territorial borders and opens up areas of mutual responsibility. It deliberately recognizes the value and contributions of the people closest to the work being done. It gives those people the chance to recognize and then capitalize on their interdependence, and unifies an organization intent on survival.

Reengineering is one way in which ongoing change can rearrange more than just the formal structure of an organization. Change can alter the very real but often unrecognized social system of the organization, the one that doesn't appear on any organizational chart. You might find rules, procedures, and policies in three-ring binders or electronic files, but the real standards by which any organization lives are written by the ongoing behavior of its employees.

Today, as the impact of change intensifies, people in organizations are becoming increasingly aware of their own worth. Many employees expect to:

- Establish open routes of communication with managers and members of their business group.
- Build cooperative, not competitive, relationships within their work environment.
• Derive a sense of achievement and satisfaction from their work.
• Make genuine contributions to the organization's success and be recognized for their efforts.

People create the makeup, set the climate, and determine the success or failure of an organization. That's why people are an organization's most valuable resource. Of all the assets available to an organization, the human resource is the only one that can appreciate in value; all the rest will depreciate.

IT'S YOUR CHOICE

In the midst of uncertainty, you're faced with a choice. You can try to keep to the old ways, hoping that the phenomena of reorganization and shifting priorities will somehow pass you by, leaving you unscathed. Or you can prepare for the possibilities. One way to do that is to search for ways to learn team lessons and to apply them to your organizational and personal growth needs.

You'll have to judge what the risks are in each choice and then act accordingly. The concepts, ideas, and practices you'll find in this course should help you choose.

Think About It . . .

Think of an organizational or business process in which you play a role. Map that role to the arrows in the diagram below.

IT'S YOUR CHOICE

Do you see change in the process that you identified? Is the change part of a deliberate reengineering effort? How is that change affecting your estimate of the value you can, or should, add? How does it affect the way you work with others?
WHAT IS A TEAM?

A team can be defined as "a number of people taking joint, cooperative action to achieve goals successfully." People in successful teams come together for a commonly held, important purpose. They know and accept their reason for being. They support and augment each other's efforts to achieve that purpose.

Successful people do real work together. They get the job done. Teams improve processes, run assembly lines, write procedures, create new customer services, increase productivity, eliminate waste, design new products, and meet myriad critically important needs in thousands of organizations.

SIX ESSENTIAL TEAM TASKS

Why a team? As a team, even while they carry out their individual everyday work assignments, members work together to complete the six essential tasks of any organizational team.

They are to:

1. Identify opportunities for improvement in support of the organization's mission and goals.
2. Set team goals.
3. Formulate and take action to achieve their goals.
4. Make decisions that support their goals.
5. Measure, report, and evaluate progress toward their goals.
6. Adjust plans based on achievement of their goals.

Could one person complete those tasks? Sometimes. Then when does an organization need teams? Whenever producing the desired outcome of the work depends on integrating diverse skills, interests, and effort. An effective team process releases, and then multiplies, the effectiveness of each member. The resulting synergy makes it possible to develop and implement better solutions, more acceptable solutions, more successful solutions. People then become more than isolated individuals in the work environment; several individuals working cooperatively together have greater potential to create competitive advantages.

And note this: In some organizations, teams might represent a revolutionary approach to management. In others, they support an existing successful organizational structure.

The most valid reasons to form teams are to meet organizational needs and to advance organizational goals. In fact, although team members can sometimes feel as if they are the company rebels—the black sheep, or salmon swimming against the current—improving the performance of the entire organization is usually at the heart of the mission of the most effective teams.

TYPES OF TEAMS

Teams come in many different shapes and sizes, just like the people on them. They can have decidedly different goals or missions, depending on the task to be accomplished and the nature of the business.

Teams can be either assigned or voluntary. Depending on the type of project or problem to be solved, a manager may assign to a task certain workers with specific skills or may ask for volunteers to meet the goals or mission of the task.

The optimal structure of any team is directly determined by the outcome desired. In addition, the existing organizational culture and structure will influence the type, composition, and success of any team. Let's discuss each of the five types of teams a little more thoroughly.

Departmental Teams

Departmental teams, one of the most common forms of the work team concept, usually exist to deal with specific and continuing departmental concerns, such as developing department policies and procedures. In purpose and structure, such teams are independent from the rest of the organization. The outcomes they attempt to reach are not shared outside their departmental function. For example, an insurance company might organize a departmental team to provide ongoing quality management of claims processing or the timely administration of claims.

Project-Oriented Teams

Usually a project-oriented team exists to complete a group- or location- or department-specific task. The team usually works according to an agreed-on project plan. Its members assign specific tasks to each other and deliver tangible output. Depending on members' skills and expertise, the team might be assigned by management to take on an issue, analyze its circumstances, develop solutions for it, and make recommendations.

Because, as workers at that location or in the department, team members would be the first to feel the impact of their own recommendations, they should also have a strong voice in the final decisions made. That's exactly what happened at a major northeast trucking terminal. The manager there made a concerted effort to involve dispatchers, drivers, and platform supervisors in the improvement of local customer pickups and deliveries. Once having accepted responsibility for designing a solution, the team developed ownership of the implementation of its own recommendations.

Ad Hoc Teams

Similar in nature to a project-oriented team, the ad hoc team is brought together to act toward a very particular end, without any wider application. It's usually disbanded when it has achieved its purpose.

The team is appointed or its members volunteer according to the ways in which they can bring their interests, skills, or knowledge to bear on the
problem or opportunity at hand. For example, an ad hoc team might exist to help a customer or client resolve an immediate issue that the organization sees as important to maintaining cooperative working relations.

Additionally, ad hoc teams are sometimes formed to complete the analysis necessary for proving the existence of a problem or issue, but are not expected to make recommendations as to its solution.

**Self-Directed Teams**

Self-directed teams assume wide authority over a specific set of organizational processes, needs, or functions. They are characterized by the sharing of leadership roles among all members. All members of the team are potential team leaders.

Typically, they come into existence in one of two ways. First, as a result of a management decision to resolve a particular issue or set of issues. Second, because people at a particular level identify issues, problems, or opportunities that, if addressed, could make their area of operations more successful. Self-directed teams are complex but they have nonetheless proved successful in organizations of different sizes and in many industries.

A self-directed team acts on its own, without the control or direct influence of management. That doesn't mean that management is unaware of the team's existence, nor does it mean that management is ignoring the team's work. In fact, management might stay very much informed and set certain guidelines (e.g., time frames and reporting procedures). What it does mean is that, once a concept has been approved, the team members will set their own rules for accomplishing the task they have identified. In their fullest manifestation, self-directed teams can take on total and jointly held responsibility for entire work processes and administrative functions, from managing production lines to marketing of services and hiring, evaluating, and firing staff.

**Cross-Functional Teams**

A cross-functional team, as the phrase implies, is a group of people from two or more departments formed into a team to deal with work-related problems and issues of mutual concern. Such teams have proved successful in both large and small organizations. Team members work both separately and together to reach goals such as overcoming barriers and streamlining processes. Members have to understand and value each other's work responsibilities and related problems in order to develop solutions that don't have a negative impact on another's productivity and quality of work.

For instance, when a problem existed in a major computer manufacturer's customer systems integration process, a cross-functional team was established to solve it. The right team, drawn from throughout the enterprise, mutually addressed issues all along the business continuum, from the purchase of raw materials to customer engagement, design of systems, assembly, and transportation, culminating with installation and continuing service. The resulting refined process led to a significant improvement in customer satisfaction and measurable increases in profit potential.
Teams are part of the solution for more and more individuals and organizations, large and small, profit and non-profit, in every sector of the economy. All kinds of organizations see teams as the approach for releasing the creative energies of their people and forging new, responsive organizational structures that enable them to satisfy customers, grow, and prosper. As more organizations decide to attempt reengineering in one form or another, they will come to rely on teamwork to achieve results.

The team process, as you will see throughout this course, is a microcosm of the reengineering process. Both processes demand risky personal and professional change. Both emphasize the interdependent nature of success. Both focus on the achievement of goals. Both are the result of a triangle of activities: communication, training, and trust building. Both are subject to the same sorts of "killers": failure to recognize the characteristic states of the process and failure to tend to the needs of the people who make the process work.

Your future just might be irretrievably linked to your organization's ability to implement the team approach successfully. Conversely, the organization's chances of being a prosperous survivor most likely depend on the ability of leaders such as you to adopt and use the principles and practices of the team to be examined in this course.

Almost without a doubt, as a leader in your organization, you find yourself embroiled in wrenching change. As the whirlwind of change engulfs workgroups, departments, divisions and entire enterprises, the phrases that we most often use to label events quickly become magazine cliches, drained of their vibrancy and immediacy. Once charged with meaning, terms such as reengineering, downsizing, rightsizing, and business process redesign lose their ability to reflect the personal impact of massive organizational change on lives, careers, and futures.

Years ago Alvin Toffler accurately predicted in *Future Shock* that, to ensure responsiveness, many bureaucratic organizations would restructure themselves into ad hoc, problem-oriented teams drawn from throughout the organization. Today's teams—be they ad hoc, cross-functional, project-based, self-directed, departmental, or some combination of all five—are necessary responses to the new reality.
Facing the pressures of global competition and rapidly evolving customer demands, organizations worldwide have taken numerous steps to increase customer satisfaction by improving their ability to deliver excellent products and services. Many have turned to reengineering (reinventing the way they do business) and the team process to enable themselves to gain and maintain a competitive advantage.

Both the team and the reengineering processes reveal the interdependence of people in the organization. Both emphasize the need to achieve meaningful results that fulfill the organization's mission.

In the workplace, a team is a number of people taking joint, cooperative action to achieve performance goals successfully. Teams can make an organization more flexible, responsive, and ultimately more competitive as they face the pressures of ongoing change and the redefinition of their purpose and structure.

An effective team process releases, and then multiplies, the effectiveness of each member. Effective teams, though, don't just happen. They take hard work and attention to detail.

The composition of teams varies with their purposes. It is subject to the influence of the existing organizational structure and culture. The most common types of teams are departmental, project-oriented, ad hoc, self-directed and cross-functional.
1. Excellent performance is defined by:
   (a) the CEO of an organization.  
   (b) the standards committee of an organization.  
   (c) the individual performer.  
   (d) the customers of the organization.

2. Whom will we find at the top of the upside-down pyramid organization?
   (a) The customers  
   (b) The board of directors  
   (c) The stockholders  
   (d) The workers

3. In what ways are teams a microcosm of reengineering?
   (a) Both depend on communication, training, and trust.  
   (b) Both demand personal and professional risk-taking.  
   (c) Both lead to major change.  
   (d) Both involve all of the above.

4. A cross-functional team is typically:
   (a) made up of all the functions within a single department.  
   (b) made up of members from the manufacturing, engineering, and finance departments of large organizations.  
   (c) drawn from many departments or groups throughout an organization.  
   (d) out of place in a small organization.
5. An ad hoc team typically:
   (a) is dissolved once it has served its purpose.
   (b) is established to deal a broad range of ongoing issues.
   (c) takes responsibility for entire organizational functions or depart-ments.
   (d) best functions at the executive level.