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**CONSULTING TO TEAM-BASED
ORGANIZATIONS: AN
ORGANIZATIONAL DESIGN AND
LEARNING APPROACH**

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An Organizational Design and Learning Approach**

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ABSTRACT

Team-based organizations follow a different logic from traditional hierarchical organizations that rely primarily on individuals as the primary performing unit. Converting to a team-based organization, and/or strengthening the capabilities of an organization that already performs its work in teams, are depicted as organization design processes. Effective consultation to such organizations requires expertise in team-based design and designing processes, as well as considerable process and change management consultation to help organizational members go through a fundamental learning process. Effective consultation may best be carried out by teams of consultants with complementary strengths. Ideally, the design intervention is educational, establishing self-design capabilities within the organization.

Consulting To Team-Based Organizations: An Organizational Design and Learning Approach

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INTRODUCTION

Teams are a common design fixture in today's organizations. Many organizations use various kinds of teams. Some use special purpose teams, such as improvement teams and task teams, to complement their core work structures. Increasingly, organizations are using teams to carry out their core work—to develop and deliver the products and services that provide value to customers. In team-based organizations, organizational systems and processes as well as management roles and structures are organized to support the new logic that is required when teams are performing units. Production organizations were among the first to transform themselves into team-based organizations. Increasingly, various kinds of knowledge settings such as new product development organizations and service delivery organizations are restructuring into focused cross-functional teams.

Consultants may be called upon by organizations that are trying to become team-based or by those that are team-based and need to improve the effectiveness of their teams and improve their organizational capabilities. In either case, the consultant is dealing with design or redesign processes. Even within established team-based organizations, the team performance issues that consultants are asked to help address frequently result from an incomplete initial design or are an indicator that the existing design is out of step with current needs. The consultant's task, therefore, is not only to help in a one time transition or in addressing discrete effectiveness problems, but also to help the organizational members develop new understandings and adopt processes useful for ongoing self-design activities.

Such consultation differs from traditional "team-building", which operates at the level of the team and helps the team members develop effective internal processes to carry out their mission and build an effective interface with the broader organization. Team-building, in and of itself, is often necessary but generally not sufficient to sustain team success. Teams will not reach their full potential, in fact may not even survive in an environment with systems designed to support traditional hierarchical structures and to optimize individual performance. The focus of intervention cannot be limited to the individual team. The entire enterprise must be re-thought to design the workings of the organization to support the performance of an array of interacting teams. Furthermore, the

logic of the team-based organization is sufficiently new to many organizational members that the implementation of team-based designs requires extensive organizational and individual learning.

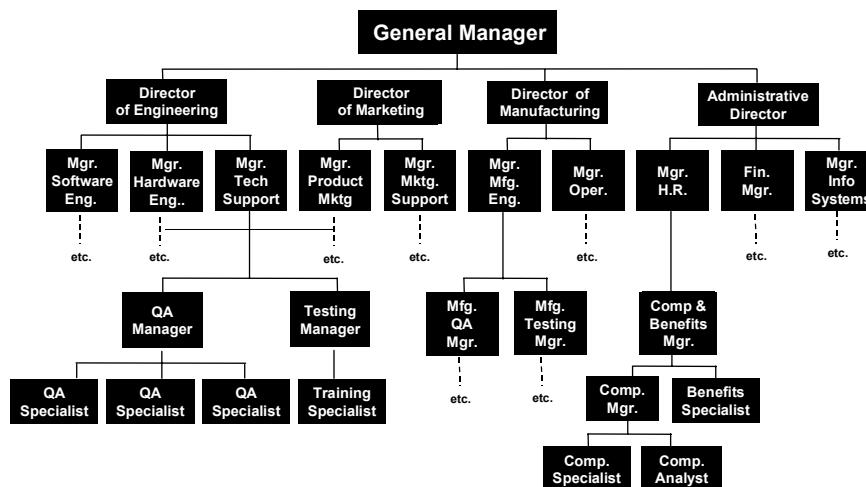
It is our contention that organizational design/re-design is fundamentally a business performance strategy. Organizations equipped to use it as an ongoing process can bring timely performance-driven design to all reaches of the organization. As the strategy and activities of the organization change, designs change. In a team-based organization in a dynamic environment, the configuration of teams and the relationships among them are also dynamic. Ongoing redesign will be required. This assumption underlies the approaches that are discussed below.

We will present a framework for consultation to team-based organizations that stems from some empirically based assumptions about team-based organizations, the ways in which they differ from a more traditional hierarchical organization, and the resultant learning challenges. These will be described below, along with implications for the nature of the intervention and for the consultant.

TEAMS ARE THE PERFORMING UNITS

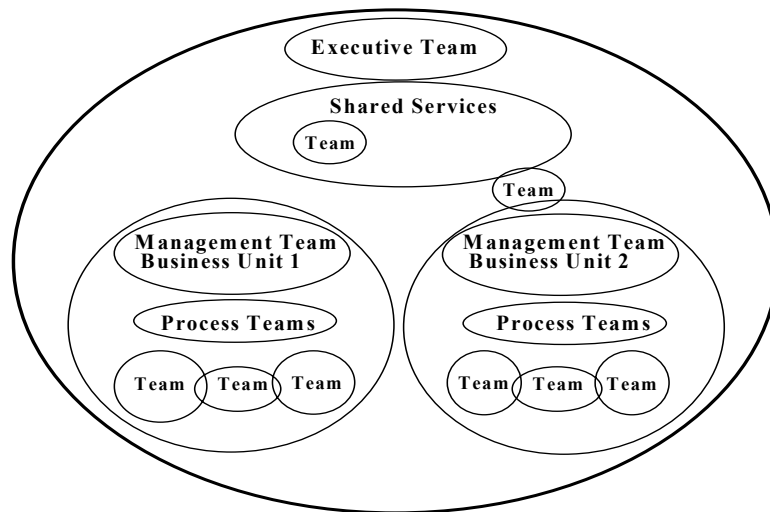
In the traditional organization, the individual was viewed as the performing unit, and work was “broken down” across the levels and stovepipes of the hierarchy into individual jobs (see Figure 1). Job assignments and performance management systems largely focused on individual performance. The team-based organizational system is fundamentally different from the hierarchical “line and box” organization in that the team is the primary performing unit. It is the unit that delivers products or service of value to the customer. Ideally, the team is relatively self-contained and contains the various skills and knowledge sets necessary to carry out its task with minimal external intervention. The individuals who make up the team are interdependent and share accountability for a team output, a product or service that is the result of their collective work. Individuals’ roles and responsibilities are defined within the context of their teams.

Figure 1
Hierarchical, Functional Organization



As can be seen in Figure 2, teams are nested in larger business units. For example, factory floor teams might be configured into product lines. Each team may be responsible for a sub-process of the manufacturing process for a product line. Several product line business units might be nested in the overall factory. Multi-functional customer teams in an insurance company might be nested into regional business units, which are in turn nested in a national product line organization. Business unit design is largely fashioned to create the context in which teams at the next level down can perform effectively.

Figure 2
Team-Based Organization



Adapted from Mohrman, S.A., Cohen, S.G. and Mohrman, A.M. Jr., *Designing Team-Based Organizations*, San Francisco: Jossey-Bass, 1995

For some team advocates, self-management and the elimination of bureaucracy and hierarchy are part of the definition of a team. In fact, in team-based organizations teams perform a number of tasks previously handled by managers, including lateral integration with other teams and internal leadership tasks. However, as is shown in Figure 2, team organizations retain hierarchy. Multiple levels of business unit management teams set the context and define goals and constraints for the units and teams within the scope of the business unit that they lead. Managers have found that their role, far from being diminished, is more complex and more impactful in the team-based organization because they are involved in the leadership tasks required for the system to be effective rather than embroiled in day-to-day firefighting. More of managers' work is done in teams than previously. In fact, the effectiveness of work teams depends to a great extent on the effectiveness of management teams in providing consistent direction.

Implications for the Intervention and the Consultant

Because the team is the fundamental performing unit, individual-level interventions such as training and development will have only minor impact on effectiveness because the capability of the collective unit is not addressed. Likewise,

intervention at the level of the work team will have limited impact. In a study of new product development teams, for example, Donnellon (1996) found that the internal dynamics in these teams reflected the dynamics of the leadership team. If the leadership team was characterized by cross-functional collaboration, it was likely that the product teams were also collaborative, and if the top management teams worked functionally and in a non-collaborative fashion, this was also the mode of the lower level teams. Thus, the most appropriate level of intervention to impact effectiveness of work teams may be the teams at the next levels up—the levels which create the context for the work teams.

During the early stages of a team transition, client organizations have not made the shift to the logic of team-based organizations. Inappropriate solution expectations are common. For example, management may want the consultant to work with ineffective teams to improve their functioning, as if this can be done without attention to the context that management has defined for the teams. Frequently managers place much less importance on the development of the management/leadership team, and in fact the general manager's team may continue to function as a classic staff group rather than as a multi-functional leadership team. This emphasis on work team-level interventions may be accompanied by a lack of appreciation for and therefore, a lack of interest in a systemic solution or one that involves their own management team functioning. Consultants may find that they are called in to help the organization solve problems that they know to be systemic design problems, but are asked to solve them at the work team or individual level.

In our experience, the shift to the team as the unit of performance is vexing to absorb both for consultants and for organizational members. Traditional interventions and western culture hinge on the individual as the unit of performance and, thus, the focus of design and change. Consultants may have long established and effective ways of conceptualizing and dealing with the more traditional organization, that may revolve primarily around classic team dynamics and development and individual coaching and development. The logic of team-based organizations may directly challenge a deep knowledge base in which the consultant is highly skilled and invested.

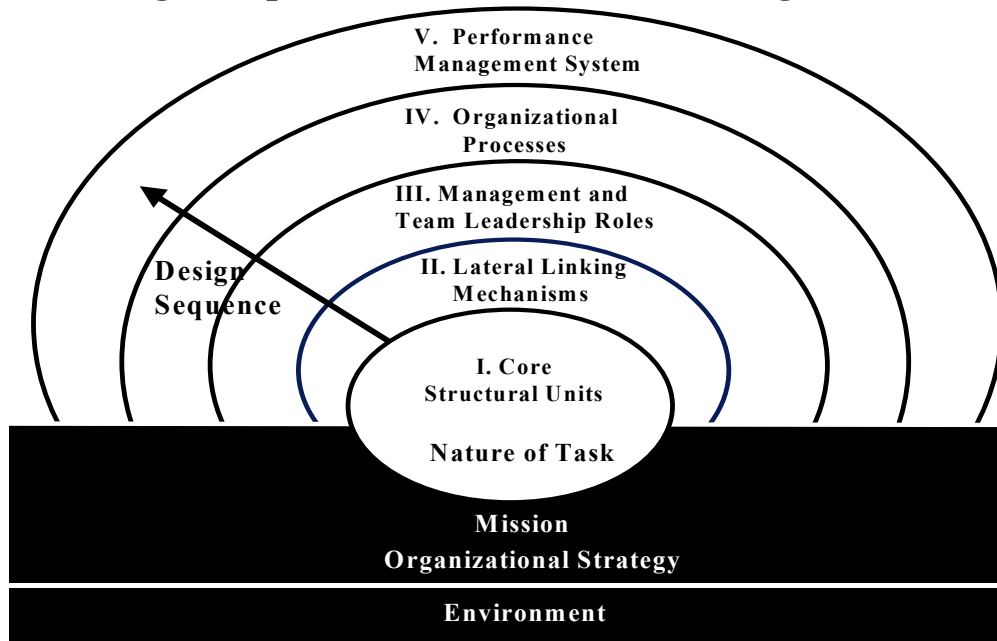
TEAM EFFECTIVENESS DEPENDS ON THE ORGANIZATION CONTEXT

Although the team is the performing unit, the larger business unit and organization are the focus of design intervention and consultation. Team ineffectiveness has been found to stem in large part from the contextual factors impinging on teams and shaping behavior (Mohrman, Cohen, and Mohrman, 1995; Donnellon, 1996). Factors such as the way performance is managed, how information is communicated, and how decisions are made, can work against effective teamwork if not designed to be consistent with the intent of the organization to emphasize team performance. Improving the effectiveness of team-based organizations requires that the various contextual features be examined and possibly redesigned. The intervention process is in large part an organizational design activity. The organizational design challenge is not simply to design the various team structures; rather, it is to design all the features of the organizational system.

Organization design activities focus on the aspects of an organization that can be intentionally designed to create the context to support desired behavior. To provide an overview of the elements that must be carefully designed to support team-based organizational effectiveness, we briefly describe a framework that we often apply in working with organizations to design or redesign teams. The framework builds on Galbraith's well-known model of design (1995). This team-design framework is based on empirical research about the organizational design features that predict team effectiveness. (Mohrman, Cohen & Mohrman, 1995; Mohrman & Mohrman, 1997) It is an example of a systematic process that can be used to guide the organizational design process.

The steps of the redesign design process are pictured in Figure 3. Because we view design as a business performance tool, the starting point is a clear understanding of the business strategy and the mission of the organization. Based on these statements of purpose, the organizational design team determines what work needs to be carried out in order to deliver value to the customer and to accomplish the strategy and mission. Based on a work process analysis, five major design focuses are systematically addressed:

Figure 3
Design Sequence for Team-Based Organizations



- 1) *Core structural units.* These are the teams and the more encompassing business units of the organization. To the extent possible these units should have within them the various competencies and resources required to deliver an identifiable product or service. The determination of the appropriate structural units derives from an analysis of the work processes by which the organization creates and delivers value to the customer. Teams may perform

sub-processes or entire processes; for example service teams may deliver a type of service to a large range of customers or a set of services to a defined set of customers, etc. Teams may be configured into larger business units such as product line organizations or regional service centers. Team ineffectiveness often results from poorly designed team structures.

- 2) *Lateral Linking Mechanisms.* When the work of various teams is interdependent, lateral integration is necessary and cannot be left to the chance interest and the particular skill set of team members or managers. Traditionally, coordination has been an informal process or organizations have created special manager or integrator roles to make sure the work of various individuals and units are integrated. In the team-based organizations, teams interface laterally with other teams to ensure coordination. The assumption that all interfaces need to be mediated either through informal and/or managerial processes needs to give way to the assumption that lateral integration can indeed be designed into the organization through a variety of mechanisms such as overlapping membership, liaison roles, and integrating teams. When organizations first reconfigure into teams, they often find they have eliminated functional hierarchies only to discover that their teams have become their new silos. This tendency toward dysfunctional internal focus can be offset if the design team anticipates where lateral coordination will be needed and designs mechanisms to make sure that it happens.
- 3) *Management and team leadership roles.* Management roles are crafted to support the team configurations and integrating mechanisms that the work demands. Within-team leadership is required, whether by formal team leaders and managers or in a more shared manner. A management team may be required to provide leadership for and build the context for the collection of teams that compose the business unit. This formal team ensures that the configuration of teams fits the work requirements, provides strategy and direction to the teams in the unit, leads the goal-setting and performance management process, formally allocates resources, and resolves issues that can't be resolved at a lower level. This management team must learn to function as a management team itself and as a manager of teams. Team ineffectiveness can result from failure to specify internal team leadership roles, from role conflict between the team leadership structures and other leadership roles in the organization, and/or from failure to identify a management team and develop its capability to play its role in setting the context for the unit.

The first three steps in the design process deal with the structure of the team-based organization. This provides the “skeleton” of the system. By themselves, new structures are not sufficient to change behavior. Organizational processes, the “flows” of the new organization, must also be recast to fit the new structures. Although the importance of the design of these processes cannot be overemphasized, they are only briefly described below.

- 4) *Organizational Processes*. Three processes are particularly critical and constitute the “glue” that holds the team-based organization together and enables teams to be empowered to operate free from daily hierarchical intervention.

Direction Setting: Because decision making moves downward in the team-based organization, clear direction is essential. Teams must have a clear understanding of strategy, their goals must be aligned with the other parts of the business unit, and there must be processes for adjusting strategy and goals in a dynamic environment. In other words, teams must always have a clear idea of how they fit into the larger system and what they are expected to deliver and accomplish to support the strategy.

Communication: For teams to operate and make decisions independently, they need access to a broad range of information, not only about their own activities but also about the activities of the broader organization. They are making decisions that were formerly the purview of higher level managers; to make good decisions, they need access to the same information that managers have.

Decision Making: The transition to the team-based organization entails fundamental shifts in how decisions get made and where authority lies. Clear team boundaries can be defined by charting key decisions, indicating where teams have authority to make decisions, what input they are expected to get, how they participate in decisions where they do not have final authority, and how decisions get escalated if they can't be resolved in the team.

- 5) *Performance Management System*. This system frames a particularly important set of processes that link the performance management of the people in the organization to the performance of the various business units and teams in which they perform. Performance management includes the definition of the work to be done and the goals, processes for reviewing performance, rewards and recognition, and development of capabilities. In a team-based organization, each of these processes occurs at each system level. Team-level performance management processes are particularly important to team-level performance. Team effectiveness suffers if there are not clear processes to manage the performance of teams, and if the individual performance management system is the dominant method for giving employees feedback and rewards and the individual level practices do not assess the individual's performance in the context of the team.

In practice, the design process follows the above sequence with lots of detours and iterations. As the design team addresses these aspects of the system, they gain a fuller understanding of the logic of the team-based organization, and this leads them to iterate and make “corrections” to earlier work. Through the team design process, the various team and business unit structures and the systems of the organization are designed to fit the work and are made compatible with the team-based approach. The specification of the new design of the organization is the description of its new operating logic. Note that what was presented above is a *design* sequence, not an implementation sequence. It gives a full picture of what the design is intended to look like once fully implemented. Once there is a full picture of the design, the organization can address the issues of the sequence and processes of implementation, and the accompanying issues of change management.

Implications for the Nature of the Intervention and the Consultant

Organization design in general, and designing and implementing a team-based organization in particular, require the application of frameworks that are not generally widespread among managers and employees who have developed their understandings of organization based on a traditional organizational model that has characterized the organizations in which they have worked. In fact, most managers and employees have never been part of a systematic organizational design activity. This lack of knowledge and experience on the part of clients pushes consultant(s) in the direction of providing systematic frameworks and thus to some extent adopting an “expert” consulting model. Consultants must become skilled at working with design teams, and in the process educating them as well as guiding them through a design process.

Interventions at the individual and/or team level will leave untouched business unit and organizational design features that create the context in which the team performs. Although individual teams may benefit from direct consultation, the impact on both the team’s own performance and system-wide performance will be limited if the broader contextual framework is not properly designed to support team performance. This is true for settings where teams can be relatively fully self-contained. It is even more evident in organizations characterized by interdependent work and porous boundaries, such as is the case in many knowledge work settings where the work of one team often requires coordination with the work of other teams. System-wide intervention is required to set a context that sends consistent messages to individuals to help them understand their job as being part of a collective that is responsible for overall team performance, and for the team and its members to understand their accountability to the larger business unit and the other teams it contains. In our experience, it is easy for teams to become the new “silos” of the organization, focusing internally on their own objectives, possibly to the detriment of larger business unit performance.

The notion of design as the focus of the intervention may be foreign to those with well-honed skills in within-group dynamics and in the development of individual performers and leaders. Some consultants focus primarily on process and will view the expert consulting required to help an organization design and develop the context for teams (structures, systems and processes) to be outside their arena or even contrary to

their process-oriented values. Dealing with team-based organizations may require an expanded knowledge and practice base. The consultant may have to leap a conceptual hurdle to focus on designing structures and processes that facilitate team performance, rather than focusing primarily on developing individual leaders, team members, and teams to accomplish performance improvement. In a design intervention, the emphasis is on putting something in place that will have ongoing utility such as a structure or a process. This is in marked contrast to an intervention that simply helps the client deal with the current symptoms and problems. The shift is to the notion of putting an organization in place rather than relying on personal mediation. Although classic team building sometimes involves putting in place structures and processes that become part of the internal operating mechanisms of teams, doing this at the organization level may be new terrain.

Organizations often don't understand why they need a framework for design. Design is not widely recognized as a competence that has a body of knowledge and application tools. The organization may cut corners on the design due to a reversion to the old logic, the press of time, and/or political realities. In our experience, managers often think the job is done once the teams are defined. When the design is incomplete, consultants may be brought in to address resulting shortfalls which may be characterized as team performance issues, but in fact reflect contextual design issues. Common issues are vague role and responsibility differentiation throughout the organization, incomplete chartering, absence of integrating mechanisms, insufficient feedback loops, managers at sea or absence of a cross-functional management body to resolve issues, and inter-team and intra-team strife.

Because basic organizational processes and structures are affected, sponsorship and leadership of the intervention must come from leaders at the larger system level. On the other hand, knowledge about the work processes and the problems that are encountered because of contextual issues is held throughout the organization. Effective design and redesign builds on assessment processes that draw out relevant information from various organizational members and stakeholders. Part of the toolkit for design consultants are organizational diagnostic templates that enable the surfacing of design issues that are causing gaps between current and needed performance. This assessment process provides management with information that contributes to its commitment to a design intervention, and concurrently provides a stock of organizational knowledge upon which to start the design process. Done well, such an assessment process can also be educational, providing organizational members with a framework for the team-based organization. We often use a set of assessment materials (PANORAMA®) that provides multiple stakeholder assessments of key factors of the organization's design. The instrument is based on the model described above and presents the findings in a template which management and teams utilize for redesign interventions. We have found that providing assessment data in the context of a design framework helps organizational members develop organizational understanding and makes it easier for them to decide how to act on the data.

THE TRANSITION TO A TEAM-BASED ORGANIZATION REQUIRES EXTENSIVE ORGANIZATIONAL LEARNING

Because the “logic” of a team-based organization differs in many ways from the logic of the hierarchical line and box organization, the transition to a team-based organization requires that members of the organization develop a new set of understandings, assumptions, and behaviors. Perhaps most challenging is that the values underpinning the team-based organization differ from those underlying the traditional hierarchy. Values of collaboration and collective accountability are often missing in organizations that have stressed individual jobs and individual excellence. Values of self-management often conflict with long-standing values of managerial control. Adopting a new view of how organizations operate requires management and teams to re-frame the way they see work and then to consistently work in the new manner. For some, the values underpinning the team-based organization may be so uncomfortable that they will not be able to adapt to this new organizational design.

At the beginning of a transition, it is inevitable that people will carry in their heads elements of the old and the new, as even the organizational design elements will be put into place gradually. However, in the long run, mixing and matching aspects of these organizational philosophies won’t work because of the mixed messages that it sends about what is important. The transition to a team-based organization is a gradual but intense organizational learning process, beginning with the design process, and continues through the implementation of the various elements of the system.

Even the design process is not a once and done intervention. Business unit or organization level design may draw in a large number of people as part of the design process, serving on design teams and/or providing input through various kinds of large group forums. However, such participation does not end their design activities. After the overarching design is defined, each of the sub-units of the organization will have to go through its own process of determining how it will organize itself to carry out its responsibilities. Furthermore, each of the sub-systems—for example, goal-setting, performance management, information processes and systems—will have to be fleshed out and instrumented. Thus, implementation is full of local design activities that entail learning and quite likely will require consultation.

Implementation of a team-based organization also requires many throughout the organization to broaden their knowledge and understanding in order to be effective team members. Adoption of a team-based approach requires more explicit articulation and broader knowledge of the formerly tacit management skills such as decision-making and influence. Rather than simply residing in a manager’s head, hundreds, perhaps thousands in teams need to understand the organizational context, including strategy, vision, and values to enable them to work independently in make informed trade-offs and decisions. This requires a mindshift, the goal of which is to equip teams with information and tools to make managerial decisions. In the traditional hierarchical organizations, management was well informed about the business context and was given performance freedom, while the line worker was carrying out prescribed work processes often without the context information to make informed judgments. The team organization requires that team members have access to context information and that the team has some performance

strategy freedom. To carry out this shift, the organization has to develop the capability to make relevant contextual information available on an ongoing basis and to provide tools and enable widespread learning of new information and skills. For example, a new product development team must be able to make a trade-off between schedule and functionality of a new product. Making this decision effectively requires that team members understand economics and market dynamics, and can apply explicit decision algorithms to make decisions that used to be the purview of management and often were made using tacitly known decision making processes. In most technology organizations reconfiguring for the first time into new product development teams, team members will need to quickly gain a great deal of new knowledge.

The transition to a team-based organization is often triggered by changes in the environment that demand new kinds of performance from the organization. At the same time that the organization is involved in learning a new form, it is also learning a new way of succeeding in the market place. For example, an organization may adopt new product development teams because of the need to focus on getting a product to market quickly and with attention to the particular demands of the market. Although this may not seem like a radical idea, it may be a major change of understanding for people who have been used to working in functional structures where adherence to functional standards was the major logic guiding their work. Now they are being asked to attend to speed of cross functional collaborative work, and to guide their activities by what the market demands.

Team-based transitions often occur simultaneously with the adoption of new process/information technologies that enable work to be conducted and integrated in new ways. The process reengineering movement triggered many such transitions because it emphasized the use of technology to reconfigure work around complete processes. In such situations, the organization is simultaneously learning how to use and exploit these new technologies, and moving to a new organizational design that demands a great deal of learning. For example, in one insurance company the move toward regionally based customer teams was accompanied by a new information system that provided detailed information about each customer to all members of the team. This enabled team members to work interchangeably in meeting the needs of a customer, replacing the one-on-one agent/customer interface that had historically been relationship based. The new approach was to be service and responsiveness oriented. At the same time that members were learning this new logic of doing business, they were learning to use new information technology tools and being cross trained to be able to carry out their vastly broadened jobs.

Implications for the Nature of the Intervention and the Consultant

The success of the team-based organization will depend on the extent to which new shared understandings are developed in the organization and embodied in new behaviors, processes, structures and systems. The intervention must enable learning to occur, and must set up the processes for ongoing organization learning. The consultation required to support such an extensive transition is multifaceted, and the interventions are diverse. In addition to providing expert organization design and learning process help, consultants provide the group process assistance required for people to learn to work

together collaboratively through the design/redesign processes and to go through a learning and discovery process.

Mindsets are deeply engrained and commonly tacit. Organizations steeped in a conventional structure will require education, hands-on experience and coaching over time to be able to adopt the team-based logic necessary to implement the design and apply it to new situations. The consultant must be comfortable shifting between an expert role and a learning process facilitation role. The expert role includes educating about and guiding the organization through the design process; as the consultant helps the organization through the design process, she is also helping the members make mindshift changes. In our experience, organizational members demand concrete examples to help them envision the new way of doing work. For example, consultants will need to use examples that illuminate the differences between the team and the individual as the unit of performance, a concept that proves particularly difficult for organizational members. This becomes concrete through use of examples and discussions of issues such as how goals are provided to teams and team members collectively decide how to apply their collective resources and knowledge to accomplish them; of the process of reviewing a team collectively, and having the team collaboratively decide how to redirect its effort when it is off track, and so forth. When examples are provided and discussion is facilitated, the organizational members interact about these concepts, surface their assumptions and discomfort, and explore their own values. The design intervention and the learning intervention are inextricably intertwined.

Learning continues through the implementation of the design. As part of making the transition, organizations need someone to help them reflect on their experiences so they learn to recognize the new logic in action and apply it to changing or new circumstances. Because of the extensive learning required—about new organizational concepts, roles, design methodologies, and the associated unlearning of previously accepted truisms, the organization will need at-the-elbow consultation. This continues to be true as people apply their new understandings to changing circumstances requiring modifications to the design, and as they discover ways in which their design does not live up to their expectations and corrections are required.

Because of their critical roles as the leaders of the transition and learning process and of providing leadership and direction in the team-based organization, development of the management team is a key task in the intervention. If managers are unable to conceptualize how to manage themselves as a team and how to manage teams as a team, they fundamentally will not understand how they function in the design and, in our experience, often will resist it. Consultants are called upon to help managers grapple with their new roles and with what it means to be a management team. Fundamental is a clarity about which tasks are collective (e.g. strategy formulation, organization design/redesign, planning, reviewing, evaluating, decision-making affecting the whole), those areas about which they must have shared understanding and a common position in order to give consistent direction to the organization (e.g., organizational philosophy and guiding values), and which areas are individual (various execution tasks), and can be carried out independently of the team.

As is becoming evident, in order to deliver various aspects of consultation described above, consultants need to have a deep understanding of the team-based

approach and the accompanying design and learning process. This challenge can be especially demanding for consultants who may need to unlearn, expand and/or substantially modify an explicit body of knowledge that does not adequately address the new needs of or is in conflict with the logic of team-based organizations and their design. Consultants may be grappling with their own learning process. This learning task is best grounded in experience and may be best accomplished by working with others in mentoring relationships or consultant teams. There is no substitute for exposure to many team-based organizations and team-based transitions.

The complexity and extensiveness of the interventions required to support the design or redesign and the implementation of a team-based organization are other reasons why consultants may want to work in teams. The intervention may require organization design, and implementation, assessment and learning methodologies, as well as traditional team-building and process consultation. As a result, consultants may need to team to bring the full complement of competencies required for the intervention. Similarly, there ideally will be a partnership between internal and external consultants since the ongoing process/learning consultation requires much more intense presence than usually is possible for an external consultant. This in itself may be a challenge for consultants who prefer to work as lone rangers and find it difficult collaborating as a member of a team. It could be argued that such teaming provides a wonderful source of deep experiential learning about what it is like to work in a team-based organization.

IN A DYNAMIC ENVIRONMENT, DESIGN ACTIVITIES ARE ONGOING

Most organizations, including team-based organizations, exist in dynamic environments where competitive conditions, customer requirements, and consequently organizational performance requirements change rapidly. This means that the mix of organizational activities, and quite probably the constellation of teams and business units also may change frequently. Dynamic, flexible organizations are called for. In such environments, team-based organizations may be characterized by rapidly shifting designs, quick forming and dissolving of teams, and virtual teams. Learning agility, the ability to readily learn how to adapt performance, is a key organizational competency. Not only do organizations need to learn how to think differently about how to design their enterprises, they need to learn how to make ongoing design modifications as strategy, environment and resources change.

At one level, this poses a practical challenge for the organizational design process: organizations have a difficult time deciding how to configure the work because the business context keeps shifting. At another level, the dynamic nature of designs poses quite a challenge for the team-based organization, as it often leaves little time for teams to go through a classic phased team development process, and for team members to learn to put into place ways to work with each other. Accelerated team start-up is essential, and it is imperative that teams learn how to redesign themselves as the environment and business strategy change.

Design interventions can offer more robust solutions in the face of dynamic circumstances. Organizations may find it useful to build processes that span rapidly changing units. For example, in a business unit of a financial services firm, a common

goal setting and review process was developed for use by all the teams in that unit. Such common processes enable quick team start-up as they are already familiar to organizational members and don't have to be learned anew each time teams are reconfigured.

Historically, organization design has been the responsibility of senior management. We would argue that design is a key organizational competency and increasingly, it occurs at all levels of the organization. At best, top management can make sure that the macro-design of the organization (its key units and systems) are keeping pace with business reality and strategy. Throughout the organization, business units and teams must be able to rapidly reconfigure themselves and their accompanying processes. Reorganizing is becoming part of the ongoing work of the organization, not a special event that happens during major discontinuities.

Organizations will better withstand the rapid change if they are able to build self-design capability into the organization in the form of regular organizational assessment and redesign processes. Some organizations use regular formalized assessment-based processes that catalyze and guide self-designing activities to strengthen performance. The PANORAMA tool mentioned above has been specifically designed for ongoing assessment and redesign and can be built into the ongoing performance improvement approaches of an organization. By providing tools that equip business units to sense their organizations and up date their design, and by teaching teams to design features of their functioning, self-design capability can be developed throughout the organization. As business units and teams encounter performance issues, and as new units and teams are started up and members reconfigured, there will be a common approach in the organization to the self-design activities that are essential to the adaptive capabilities of the organization. Clearly this learning process starts with the initial design activities entailed in transitioning to a team-based organization; however, absent explicit tools and organizational review processes, people in the organization will tend to see the design of the team-based organization as a one time event. And, before long, the design will fall out of alignment with the direction of the organization.

Implications for the Nature of the Intervention

The team design intervention should be couched as an application of a business performance process it is the process of aligning the elements of the organizational system with the business strategy. By taking an on-going design and redesign approach, organizations can shift the balance of their activity from fire-fighting and problem-solving to increased use of an upstream, higher leverage context-setting and capability-building approach.

Today's fast organizational pace drives a desire for instant, easy solutions, and this works against organizations being willing to invest in ongoing organization design activities. On the other hand, there is evidence that successful organizations in fast-paced environments are able to restructure quickly and provide a clear context for new units (Schoonhoven & Jelinek, 1990). By implication, these units have to become skilled and nimble at self-design. All this argues that design interventions be fundamentally educational in nature, so that a broad range of organizational participants can become exposed to and learn to internalize the tools of design. Only then can such activities be

part of the fabric of the organization, and not be viewed as time-consuming distractions. It argues that consultants see as part of their role the transfer of their knowledge base to organizational participants. Providing tools, frameworks, and templates to describe and guide the process, much as would be done for other business processes such as strategic planning and performance management, is one way that consultants can accomplish this.

KEY TENSIONS INHERENT IN TEAM-BASED ORGANIZATIONS

A number of tensions are built into the team-based organization and the transition to it. The consultant must help the organization anticipate and work through these tensions. Each of these tensions involves a balancing between two competing values.

The Tension Between “Ownership” by the Organizational Members and the Need to Take A Systematic Approach to the Designing Process.

Much of the field of organizational development and popular frameworks describing high involvement, high commitment, and high performance organizations has stressed “ownership” and commitment by organizational members. It has become popular to design organizations through large group sessions, trusting the process to arrive at a good design that embodies the values of the participants and incorporates their knowledge. On the other hand, organizational members may not have previous experience with team-based designs, and may not know how to proceed through a systematic design process. They may, in fact, experience the systematic process as detracting from their feelings of ownership, and may prefer to stop short of a fully described design in favor of a more “organic” or emergent set of activities. Consultants need to provide compelling frameworks and guide a defensible, systematic design process that continues to focus people’s attention on business purpose, at the same time not imposing design solutions and infusing the ultimate design choices with their own values.

The Tension Between Self-Containment and Self-Management at the Team Level and the Need to Design for Performance at the Broader Business Unit Level.

One design objective is to make each team and business unit as self-contained as is feasible so that the unit feels accountable for its own performance. Self-contained units can be considerably more autonomous and “empowered” in the way they operate than if embedded in an organization where they have to laterally integrate. However, in organizations where work is interdependent and boundaries are porous, lateral integration is a key activity that has to be designed into the organization. By definition, the requirements for lateral integration and/or for sharing scarce resources for the good of the larger unit reduce the degrees of freedom of any particular team. Further, the organization may choose to manage some resources in a shared manner across teams and business units. A core design requirement in today’s highly competitive environment is the leverage of resources for efficiency. The design process is a trade-off between the purpose of leverage and coordination and the self-containment of teams for flexibility and focus and for motivation. Teams and sub-units will exert a “pull” to have all resources self-contained. The larger business unit will exert a “push” to ensure that there is no

unnecessary redundancy. Consultants need to help organizations articulate this trade-off and make design decisions based on the business rationale.

The Tension Between Direction From the Top and Team “Empowerment”.

The glue of the team-based organization is the direction-setting process—the process by which the various units of the organization are aligned with the needs of the larger system. The management team provides the overarching direction and orchestrates the alignment process. This can be misunderstood as flying in the face of team ownership and empowerment. Rather than being equated with autonomy, team empowerment must be recast as being able to make a difference in the attainment of individual, team, and business unit goals that contribute to overall organizational goals and performance. In fact, our research shows that clear direction is highly related to the team’s sense of being empowered (Mohrman, Cohen and Mohrman, 1995). Consultants have to help organizational members develop this nuanced sense of the meaning of empowerment and team self-management.

The Perceived Devaluation of the Contribution of Individuals in Team-Based Organizations.

Emphasis on team performance is often construed as a devaluing of individual worth. Nowhere is this more evident than in the tension between rewarding the individual or the larger unit. The challenge is to find the right mix of individual and collective focus and to make sure that the individual level performance management reinforces rather than detracts from the team and business performance focus. Systems need to help individuals understand the contribution in their teams and the larger organizational business unit. This requires that people develop a view of the larger system and an understanding of how they fit in. It also requires that interpersonal dynamics be encouraged that enable individuals to feel that their contribution is appreciated, and that processes be established that utilize team members’ input and perspectives and treat them as important stakeholders of the performing entity, the team. Consultants need to help the organizational members surface this very real tension and develop approaches that accomplish a balance.

The answers to the above tensions are not clear cut and there is not a cookie-cutter or off-the-shelf solution to any of these tensions. Consultants need to understand the tensions and be able to help the organization recognize and then work through them without lapsing into old logic and compromising the team-based design. Keeping an eye on business purpose and using the customer/market requirements for organizational success as the key touchstones will help organizational designers determine a workable balance, and lessen the extent to which these tensions become points of value-based conflict. The consultant has to patiently help the organization live with the complexity and trade-offs inherent in the design process.

CONCLUSION

We have depicted consulting to team-based organizations as helping the organization design and redesign itself, and go through the learning process necessary to

establish a new organizational logic. Since team effectiveness largely depends on contextual factors that either support or work against team performance, the appropriate level for design intervention is at the larger business unit or organizational level—the level that controls the design features of the organization. Organization design is viewed as a business performance process, and it is argued that consulting to team-based organizations should entail a transfer of design knowledge that makes possible ongoing self-design in the organization.

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