

do about them. Compounding the problem, each member had his own perspective on the role of the leadership team in implementing the new strategy. Most of the members thought they should focus primarily on that piece of the strategy that most directly affected their areas of responsibility or expertise. The head of marketing focused on how the airline should shift its marketing strategy, but without considering operations, whose head was focused on the expansion of routes but had little understanding of the impact on human resources, which would be responsible for hiring and training the new staff. Instead of one agenda, there were many.

Had you asked any of the nine members of the AeroMexico senior leadership team what was in those tomes on Barahona's bookshelves, you would have gotten nine different answers. Most would have agreed that during the next five years the airline had to double its revenue and triple its profitability. Most might have mentioned that service had to improve, they had to find new sources of revenue, and the airline needed an infusion of new talent given its path toward privatization. But how the organization would achieve those goals was another matter, as was the team's role in making it happen.

Members had no clarity about why they were being asked to work as a leadership team and what they were expected to accomplish together. Although the team continually met and discussed a variety of issues—some obviously important, others minor—they gained little traction and experienced almost no progress. Indeed, the only things emerging from the top team's work were frustration and growing concern.

The frustration was heightened by the fact that Barahona and his team were experienced and talented executives. They knew things weren't working. They could see they weren't making the progress that was needed to build the business. But they couldn't figure out how to gain momentum.

What Barahona didn't yet realize was that he had just flown squarely into one of the toughest mountains faced by chief executives: the need to establish a compelling purpose for the leadership team.

Getting the Team Purpose Right

We've talked about the four types of senior teams: one that exchanges information only, one that advises you, one that coordinates the implement-

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Barahona and his team ew things weren't work- ess that was needed to ow to gain momentum. ad just flown squarely executives: the need to team.

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one that exchanges in- rdinates the implemen-

tation of strategic initiatives, and one that makes enterprise-level decisions. Let's assume for the moment that you want a decision-making team. Just what decisions will it make? What defines the domain of what your team will accomplish together? How will you explain that to your team in a way that orients, focuses, and engages their energies? Deciding the kind of team you want does not in itself provide adequate direction to them about their purpose as a leadership team.

To get it right, chief executives must articulate to their teams a purpose that is *consequential*, *challenging*, and *clear*. These three ideas are straightforward, but they must be brought to life in unique ways for every leadership team.

The team purpose must be challenging enough but not impossible: what is this team of leaders up for at this point in its life? Early on, when leaders are first learning how to lead as a team, the level of challenge they can handle may be lower than when they have matured. A team purpose also must be consequential: what actions are crucial enough to be treated as the main job of the leaders and not a side job when their individual roles are done? And, finally, a team purpose must be clear: what are the critical few things that only this team of senior leaders, of all the people in this organization, can accomplish? What are these critical few now, and what are they in the long run?

A Purpose That Is Consequential and Challenging

Teams at other levels of the organization—front-line sales and service teams, quality teams, or teams of lower-level managers—often suffer from a lack of consequentiality in their purposes. For such teams, often the work they do has been inadequately connected by organizational leaders to larger, meaningful purposes, to the work of others, or to the organization as a whole.¹ Not so with senior leadership teams. They all perceive that what the top team does is highly consequential for both the short-term and the long-term performance of the organization.

In our research with these leadership teams, we have seen that a sense of consequentiality in the teams' purpose emerges naturally. Indeed, the teams in our sample scored an average of 4.8 on our 5-point scale assessing how consequential the team's purpose is. That's about as high as possible. Our observations suggest that this high score is less a function of brilliant direction setting by chief executives than it is a function of

circular thinking. "We're the top leaders of the organization. Our purpose must be important for the enterprise." Nevertheless, members see that the work of a leadership team has a major impact not only on the lives and work of others—for better or for worse—but also on the viability of the enterprise.

It's the "for worse" part that creates stress. Although it's easy to establish consequential, chief executives often run up against hard walls in trying to get the team challenged to the right degree, and above all in getting the clarity right. In this chapter, we describe why getting the purpose right for a leadership team can be a daunting hurdle, something we illustrate through the tales of teams that struggled with a poorly articulated purpose. We then tell the stories of outstanding leadership teams to show you how it can be done well.

Getting the Challenge Right

What gets in the way of getting the level of challenge right for your leadership team? Assuming that your team members are strong, committed performers, they're used to running hard. They need some rein, or they will balk in many directions. But they also need freedom to move. If you continually hold them in with a stream of insignificant meetings and trivial decisions, they will eventually balk or, worse, bolt. They are at their best when they are continually challenged and are providing real value to the organization.

Our research uncovered two intriguing patterns. First, leaders frequently overchallenged individual members but underchallenged the team. They sometimes demanded too much from senior executives in their individual leadership roles, holding them to the highest performance standards and constantly raising the bar to test individual capabilities. But they demanded too little from their leadership team.

Why challenge the individuals but restrict the team to trivia? Some executive leaders test their executives because they believe that by creating a culture of competition among team members, these senior players will remain well honed. Other leaders, although few admit it, also like keeping their team members so busy and focused on individual issues (and on one another) that they have no time to challenge their leader. Challenging a team, by contrast, can strengthen it enough that it becomes a threat to an insecure leader's power.

Consequently, the work of the team inevitably feels less important than the work of the individual members, and they wander away to focus on what they see as the most important of their accountabilities. To us, the saddest of all are the executive teams that are brought together at the leader's convenience only to provide information about members' own areas. They never get to hear why they are convened and why nothing more is asked of them than reports. In such situations any sense of purpose evaporates. Members soon perceive their team interactions as a waste of time, and they give little time and energy to them.

The purpose of the team will be challenging only if the members are asked to exchange strategic information, coordinate enterprise-wide initiatives, or make vital decisions on behalf of the organization. The team's purpose will seem trivial when the hard stuff is all in the individual jobs, relegated to the business units, or disaggregated and assigned to individuals, with members asked at meetings merely to report what's new in their areas.

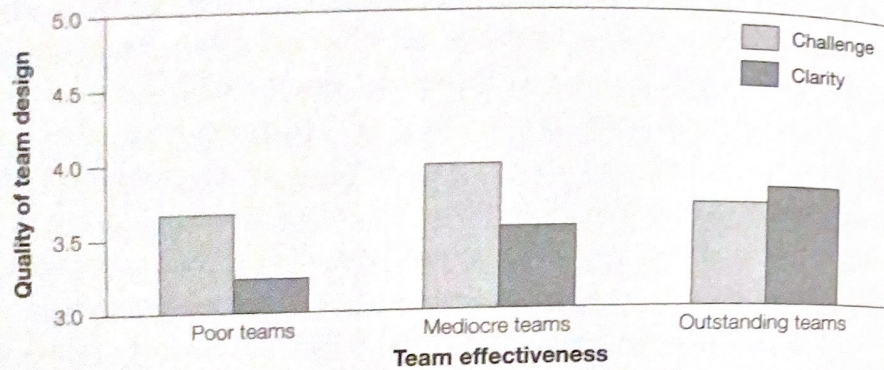
On such teams, it's not surprising to see members choosing instead to spend their time in the field seeing important customers. The mechanisms used by members to avoid team meetings without spending political capital can be entertaining. One team we studied had a norm of not missing meetings—unless you had a meeting with a "strategic client." Strategic clients were so crucial to the business that a member could be excused from other obligations if that relationship needed attention. One of our team members was amazed by how often strategic clients could meet only on the day of the top team meeting.

On the best teams, though, the opposite occurs. Members experience the work of the team as being at least as important as their individual work. They sometimes may feel as if they have two full-time jobs, but members invariably bring to the team, and use to achieve its purpose, the full range of their expertise and experience.

Our second finding about getting the level of challenge right is this: *challenge without clarity hurts performance.* Figure 3-1 illustrates this finding. Poor teams are the ones that meet few of their constituencies' needs (those of customers, shareholders, boards, employees, etc.) and show few signs of becoming stronger over time. Mediocre teams do well by some, but not all, of their constituencies and show only modest signs of improvement in their ability to work and learn together. Certainly, members of each of these two groups feel somewhat challenged by their

FIGURE 3-1

The clarity–challenge balance in senior leadership team purpose



purposes, but both groups feel more challenged than clear about their work as a team.

The main lesson about the clarity–challenge relationship comes from the outstanding teams—those that serve all their constituents superbly even as they become better over time. Only the leaders of the outstanding teams got the team purpose right; they articulated team purposes that were at least as clear as they were challenging. More clarity is better than less. More challenge is better than less—to a point. But the two together have a powerful influence on the performance of leadership teams.

Too little clarity coupled with a daunting challenge means that members will be stressed, fragmented, and unable to move together to achieve a common purpose. Leaders of outstanding teams challenged their teams, but, above all, they made sure that their teams' purposes also were sharp and clear. Clarity of purpose makes the extraordinarily challenging and consequential work of senior leadership teams feel possible. It orients the team in a way that allows it to pull together toward the same end, rather than pull—diligently if frustratingly—in different directions.

We witnessed the importance of a clear and challenging direction recently in working with a major division of Millennium Chemicals, a global firm whose business strategy was to grow substantially, both organically and through acquisition. When we began studying the team, there was no clarity about how it was supposed to contribute to making this strategy come alive. In the two years before our involvement, not only

had the firm not made a single acquisition, but it had not even identified any potential targets.

New CEO Bob Lee recognized that his senior leaders needed help in understanding their purpose as a leadership team. So Lee relaunched the team. Relaunching is a technique a leader can use when the team is on a poor trajectory that stems from multiple flaws in its setup. As with Lee's team, a *relaunch* involves bringing the team members together for the purpose of refocusing on the team: its purpose, its boundaries, and its rules of engagement (relaunching is addressed in detail in chapter 5).

Before Lee brought the team together for its relaunch, he realized that revisiting the team purpose also meant contemplating changes in its membership. Lee's relaunch included reducing the size of his decision-making team from fourteen to six. The larger, fourteen-person entity became a separate alignment team—the information-sharing body at the top of the enterprise. This change of the team purpose required that Lee have hard conversations in advance with more than half his direct reports about not including them in the decision-making team.

Some of his direct reports resisted, but for others, such as the chief scientist, it was a relief not to be obligated to listen to what he viewed as endless irrelevancies. Lee reported that after this conversation he felt as if he had handed the chief scientist a gift. To help smooth the transition for his senior leaders, the CEO kept the name of his larger information-sharing team as the Management Committee and kept its membership intact. He also gave a new name to the group of six: the Operational Team. (The second name was somewhat misleading, because this team actually dealt with the firm's most strategic and mission-critical issues.) These name changes helped with the transition to clarity of purpose for both teams.

Lee then told his decision-making team that its purpose was to make the decisions that would result in significant growth, including identifying at least two high-quality acquisition targets immediately. With the challenge and clarity pitched to the right level, the Operational Team quickly established a subteam to analyze potential acquisitions and began focusing the team's efforts on reviewing those analyses. Within eighteen months the firm had made successful acquisitions in Europe and South America. Having the right combination of clarity and challenge in enacting the division strategy enabled the team to focus its collective energy and accomplish its growth objectives.

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purpose as that of the leadership team often are absurd.
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able, healthy, and safe." The chief executive asserted that knowing this mission statement was adequate to orient his team to what its responsibilities and actions should be. So, we asked, what would the team do to make people "comfortable, healthy, and safe"? Provide them with cozy chairs, blankets, and nutritious food? That would be absurd, of course, and that's the point: the behavioral implications of simply adopting the organization's purpose as that of the leadership team often are absurd. The team needs a purpose that is about its own special leadership responsibilities and opportunities in contributing to the organization's success.

The second common threat to senior leadership teams' clarity of purpose is the absence of a shared understanding of the organization's *strategy*, by which we mean the organization's distinctive approach to establishing sustainable performance.² Organizational researchers have emphasized the importance of senior team members having well-calibrated mental models of their organization's strategy. A lack of shared understanding of strategy arises when team members are not given the chance to calibrate their understanding of how the words in their strategy documents translate into organizational action.³ It is not adequate to assume that having heard the strategy—or even being able to recite it in the same words—members have a shared understanding of what it will look like in practice or what their role is in implementing it. Our observations suggest that members must talk about the strategy as a team and play out its implications in direct conversation with one another.

The AeroMexico team described at the beginning of this chapter needed precisely this opportunity to grapple with what the company's competitive strategy meant for the business before they could draw out its implications for their own team. Barahona saw this need in members' unfocused conversations and interactions, and he took explicit action. But most leaders of executive teams assume that there is ample understanding and alignment about strategy if the team members do not explicitly challenge it and they use the same language to describe it.

If that is your assumption, you may be in for an unpleasant surprise. When we ask senior team members to describe their organization's strategy, their responses are very similar, often echoing key phrases in the mission statement or from the chief executive's charge to the team. But when they are asked how they will execute the strategy, the real story emerges.



4. Use your authority to articulate that purpose to the team. Only you can establish the purpose. Others can help refine it, but ultimately it is yours.

Identify the Interdependencies

If you want your team to make enterprisewide decisions or to coordinate strategic initiatives, you need to tell it that. But more is needed: the team needs to know which decisions fall into its portfolio and what initiatives it will coordinate. A good place to start is with a set of questions that helps identify those aspects of the business that require close interaction and joint decision making. A common misconception of executive team purpose is that all the items on the list must be strategic. Not so. Tactical items belong there, too, as long as they are mission critical and can be done only at the top. If they can be handled just as well elsewhere, that's where they should go.

It often helps for leaders to identify a handful of *must-win battles*—the actions the leadership team must get right if the enterprise is to achieve its strategic goals. Barahona's team, for example, agreed that to compete as a private entity in the marketplace required differentiating AeroMexico as an airline that provided superb service. For that and for its other must-win battles, the team developed a simple but specific matrix for creating shared understanding of what was meant. They asked, How would we explain this to our employees? What measures would tell us we were successful? What do we see as the obstacles to winning this battle? By generating a list of its must-win battles (one of which is reproduced in figure 3-2) and then working through their meaning together, Barahona's team established a clarity of purpose that went deeper than merely using similar language.

Teams facing must-win battles experience moments of spontaneous interdependence that can teach members and their leaders a great deal about which kinds of issues are truly interdependent and appropriate for the top team. These moments often take place at a time of organizational crisis, such as a focused threat from a key competitor.

For example, when the New Zealand government deregulated the fuels industry, Mobil Oil New Zealand identified a major opportunity to acquire a group of service stations that the leadership team knew its main competitor, British Petroleum, also would be avid to buy. The opportunity galvanized the team. Mobil New Zealand's CEO acted quickly, charging

FIGURE 3-2

AeroMexico: Must-win battles and senior leadership team purpose

| Must-win battles | How would you describe this to a front-line employee? | What does success look like? | Key challenges and concerns |
|---|--|--|--|
| <ul style="list-style-type: none"> Differentiate us through superior service. Significantly improve customer service. Develop brand identity. Become the most technologically advanced airline. Marketing—understanding customers. | <ul style="list-style-type: none"> Maintain consistency of service. Show friendliness and hospitality to customers. Maintain punctuality. Demonstrate efficiency. Understand what the customer expects. Surpass customer expectations—more of what customers want. Provide the best possible experience. Understand how specific jobs contribute to customer satisfaction. | <ul style="list-style-type: none"> Customers prefer us. High repeat business. Low complaints. Improved customer satisfaction. Improved employee satisfaction. Share gap minimized. Reinvestment of margin in service. | <ul style="list-style-type: none"> How to relate to unions to improve customer service (unions challenge management, unions provide conflicting information to employees). Communication. How to implement a service culture. How to convince people this is the right way to go. Not having enough customer satisfaction revenue or profit to invest in service. |

Source: Arturo Barahona, personal interviews, 2001.

his team to identify those stations that they believed were strategically critical and, even before the stations went on the market, pursuing the needed government and legal approvals and preparing strategies for approaching the sellers. The moment the stations went on the market, the company moved, acquiring every station targeted—in one weekend! The speed of its action greatly damaged the competitor's market position. Mobil New Zealand's team members, who dubbed the campaign "the BP Wars," were so elated by their own teamwork and convinced of their ability to achieve great things together that they began working that way regularly.

The challenge is to translate such experiences of momentary interdependence into ongoing team purposes. To identify the core interdependencies of your team, we have found these questions helpful:

- What do we need each other for?
- What are the most critical challenges facing the business?

- Does the team have a collective strategy for addressing those challenges?
- How well is our strategy working?

Or try these: if I look at certain responsibilities that are owned by one function or by one region, or one business unit, do I see signs that there would be a greater benefit to the organization if we managed those things together? What's slipping through the cracks?⁵

Recruitment, allocation, and development of senior professional talent, for example, are often much better handled as interdependent activities throughout an organization than relegated to separate business units or to the human resource function. Especially when the pool of mission-critical talent is small and highly competitive—as, increasingly, it is throughout the world—you are far better served by having the top team manage decisions about whom to recruit, where to place them in the organization, and how to develop and retain their talents.⁶

The best solutions to questions about interdependencies often emerge in conversations among top leaders rather than wholly inside a CEO's head. Reg Smythe, chief executive officer of a retail financial services firm we studied, began by insisting that he didn't need a team; he thought his group of direct reports were a team merely as an artifact of the organization's structure. Team members disagreed with him. They noted, for example, that being kept from making decisions as a team had prevented them from establishing a brand or an image to be presented across all their clients. To a person, when told Smythe felt he didn't need a team, they cited a specific meeting in which they had collectively devised the business strategy they were executing. Yes, Smythe admitted, that was a great meeting. The firm clearly was better off as a result of that intensive collaboration.

That realization prompted Smythe to invite his team to join him in exploring what the team members, working together, could add to the business that would not be accomplished otherwise. It turned out that different issues were best handled in different ways. Sometimes Smythe identified specific goals that would be best met if assigned to the team rather than to any one area or function. Several times he reconvened the top leaders to test his ideas with them. With this back-and-forth combination of team conversation and his own conceptualizing skill, Smythe identified the full range of interdependencies that served as a starting point for articulating the purpose of his leadership team.

Here's another example. Franz LeGuin, CEO of a computer chip company we worked with, found traction for his team's purpose in a different set of questions. This company had three main businesses: automotive chips, cell phones, and networks. These businesses operated largely independently of each other. Moreover, a core strategic initiative for this organization was entry into the Chinese market—as it was for all its competitors. LeGuin asked, "What is slipping through the cracks between the businesses? What goals might be better served by leadership team responsibility?" LeGuin and his team judged that talent recruitment was being seriously underserved because those decisions were located strictly within human resources. Asked whether talent management would be better accomplished if line managers worked with the head of HR in making strategic decisions about talent, the team answered yes. Like Smythe, LeGuin found that hearing his top leaders' thoughts on key interdependencies sparked him to consider new ideas about what he wanted his team to accomplish.

Create a Short List

These examples are meant to help you find a process to identify the full range of interdependencies possible for your team. The answers to the leaders' questions are not, in and of themselves, statements of team purpose. Rather, they are the first step in getting to a purpose. Conversations between leaders and teams about the answers generate a long list. It's the leader's job to make that into the short list.

Our research shows that most leaders of outstanding teams craft a short list of major, enterprise-affecting decisions for their teams to engage. These decisions include what business to be in, which resources to deploy where, how to implement those choices, how to develop new leaders for the future, and how to reinforce those aspects of the organization's culture and values that contribute to its success. They also include important tactical issues such as dealing with immediate financial crises, moving into major new markets, making acquisitions (such as Mobil's gas station sweep), and responding to sudden market shifts.

Here is a short list of the key top team responsibilities that we have found to be relevant for most large organizations:

- Defining or modifying the organization's strategy
- Acquiring and deploying capital

- Building organizational capability (for example, by improving the operating model or the succession pipeline)
- Managing mission-critical initiatives (such as the acquisition and implementation of new production or service technologies)
- Monitoring the organization's performance
- Integrating major acquisitions

Small organizations also have a version of this list. Clearly, senior leadership must take on all of these items if they are to be satisfactorily dealt with by the organization.

Conceptualize the Team's Unique Contribution

When we say "conceptualize" we don't mean that you need to create a grand, abstract theory of team purpose. Instead, you need to identify and lift up the core themes in the team's collective responsibilities. A compelling purpose for a team is more than a short list of interdependent accountabilities, although even such a list is a great improvement over no clarity at all. But a true team purpose captures and encapsulates those items in a larger and more general idea. In that idea lies the answer to the question, "What do you need this group of enterprise leaders to do that cannot be accomplished by any other set of people?"

Conceptualizing your team's purpose in this way takes creativity and cognitive skill. Your conversations with the team members about their interdependencies creates the short list, but it is your own creative brain work that identifies larger themes in the list, connects them to the core challenges faced by the organization, and generates language to explain the themes and challenges to your team in a way that brings them to life.

Reg Smythe, the financial services CEO described earlier, began with a deep understanding of the challenges faced by the business, along with his short list of interdependent goals generated from multiple interactions and sessions with the team. With these, Smythe crafted a statement of purpose that captured why the members worked as a team and what they existed to accomplish. Figure 3-3 shows the concrete list from which Smythe generated the theme "seamless integration" as the core idea in his team's purpose.

Franz LeGuin studied his short list and ultimately identified "managing the matrix" as the core theme of his team's purpose. What he

members discover what they can add if they take things on interdependently. The purpose needs to be revisited as leader and members alike learn to function as a leadership team and as the organization's challenges and must-win battles change over time. Slippage is natural in the course of a senior team's life. For that reason, the chief executive must personally take care to keep the team's main purpose at center stage, to reopen the conversation about team purposes when things change, and to continuously hone the purpose to make it ever sharper and clearer.

Use Your Authority

You are the team leader. Achieving clarity means being insistent and unapologetic about exercising your authority to specify your team's purpose.

Some teams actually work together to establish the organization's strategy. Many others focus on how to operationalize and execute a strategy that, as at AeroMexico, they had limited input in creating. AeroMexico's Barahona realized that no matter how good his team was, members couldn't be expected to create consensus and clarity on their own. He also knew that any clarity he might create by dictating his view of a purpose could be neutralized by the natural resistance of the various team members, with whom he had been a peer only months before.

But the new CEO also realized that the clock was running, the expectations of the board were high, and board members' patience was limited. So Barahona chose to achieve clarity about team purposes collaboratively with his team, putting members through a series of intense and at times exhausting discussions in which they decoded his new strategy. Starting with the overarching strategy, the team spent hours drilling down through the various levels of organizational strata until the members had defined the processes, tactics, and team responsibilities needed to make it come alive throughout the organization. Over time, the team developed a collective understanding of what the strategy meant and what the team had to do to drive it forward. It was a critical first step in creating the purpose and direction that members needed if they were to lead effectively as a team.

Such a process requires time, patience, and hours—sometimes days—of robust dialogue. You can accomplish clarity of purpose collaboratively, as it was here, or through the leader's independent reflections. Dave Knopf, CEO of a company that was on a steep downward slide, took the latter approach. Because his company's major product was rapidly becoming a

commodity, Knopfler decided to differentiate the firm from its competitors by providing integrated services and not just products. Providing consulting services to global clients would be a very different business from the regional, product-centered company his executives were accustomed to leading.

Knopfler went to his team with a non-negotiable directive. The company was going to offer integrated services to its large global customer base, and the team was the key to executing that organizationwide change of strategy. He told them that the purpose of the leadership team was twofold: to continue to monitor the performance of the company, and to design and execute the transition from a product-based to an integrated services company. He then asked his team to join him in identifying the particular accountabilities that the team would share as it pursued the directions he had set.

Not all the team members agreed with Knopfler's decision. One of his direct reports gave lip service to this concept but never contributed to its execution. After several discussions with this person that resulted in no observable change, Knopfler asked for his resignation.

A compelling purpose, a real team with real interdependence, the right people. The three essentials for building a leadership team all came into play as Knopfler acted to redirect his organization. Thinking through the new interdependencies created by the shift of strategy helped sharpen the team's purpose and brought into focus the special capabilities that his team members needed to have. Knopfler used his legitimate authority as CEO to get those three essentials in place and aimed in the same direction.

Conclusion: A Clear, Challenging, and Consequential Purpose

It took a lot of intense, iterative, and emotional work, but Arturo Barahona and his team eventually transformed the dust-covered, two-dimensional strategic plan that had stood forlornly on his bookshelves into a dynamic, living strategy for moving AeroMexico forward.

At an initial meeting with his 250 top global leaders one month after he took the helm, Barahona spoke for four hours outlining his overall vi-

sion and strategy, promising he would be back in six months to provide critical detail. Six months later, he made good on his promise. Only this time, it was his team members who spoke. Each provided a piece of the plan, each palpably aligned with all the others. "It said a lot about how my team took my vision into their hands," Barahona says. "That really got us going. People saw for the first time that we were really acting as a team."

At a presentation at a global management conference in Italy in 2001, Barahona proudly shared some of the results of his team's work, including a major increase in pilot and crew productivity even as the airline's costs had plummeted. Some of the victories the team savored seem small and tactical, such as renegotiating the airline's beverage contract and thereby saving \$2 million. But those were early victories—moments of interdependence—that showed the team what else it might accomplish. Others were major wins, such as saving nearly \$500 million in the purchase of new aircraft. The complex purchase negotiations managed by the newly energized team involved two aircraft manufacturers, the Mexican government, the U.S. ambassador and secretary of commerce, and major world banks. It simply could not have happened without Barahona's highly interdependent, purpose-driven leadership team.

Perhaps this team's most significant accomplishment occurred shortly after Barahona's presentation, when terrorists struck the World Trade Center. Suddenly the CEO and his team found their best-laid plans grounded—literally. As tragic and unexpected as these events were, AeroMexico's leadership team was aligned and poised to deal with crisis as a unit. In contrast to all other North American airlines, in only five days AeroMexico was again flying every route on its schedule except for the one that was entirely out of its control—New York City.

That AeroMexico was back in the air sooner than most of its competitors was no fluke. One had only to look back at an early team meeting to understand why. It was then, during an initial discussion of team purpose, that this leadership team decided to make security and safety a priority. The team members had never lost sight of that objective, and now it was paying off in ways they had never imagined: when disaster struck, the team was ready and collectively able to deal with it quickly.

Make no mistake: despite its successes, the flight Barahona and his team had taken was not a smooth one. Those initial lengthy discussions about direction and purpose were only the first leg. For more than two

4

Get the Right People on Your Team— and the Wrong Ones Off

An executive suite is not a school yard. Just because someone wants to play on your team, has always been on the team, or was considered the heavy hitter of a past team does not mean that you are obligated to have him on your team. What's more, just because you have been chosen to lead an established team does not mean you must keep all the players when you take it over. No matter what anyone says or implies or believes, it is now your team. You must choose whom you need to be on it.

One thing that surprised us about senior teams is how often leaders who become chief executives take what they get and assume that leading their executive team means leading *this* team, of *these* people. Ask yourself whether you have allowed the history of the team, the structure of the organization, the importance of certain leadership roles—any or all of these—to drive your team's membership. Have you assumed that all your direct reports must be on your leadership team? If your team is too big to be anything but an information-exchange team, if some of the members are stellar individual performers but have toxic effects on collaboration, if

more closely integrating Roche Canada—via a global SAP system, for example—and reducing its autonomy. Mittermaier explains: “I inherited a team that had pretty much been there for the previous six years. So they had been part of this phenomenal growth. It was all very externally focused, very market share driven. And you don’t really ask yourself too many questions on what is the internal impact of all of this. So leadership team meetings were very tactical, very informative, and pretty siloed. Everybody came in and talked about their piece of the business. Really the only glue was the fact that I asked everyone to be there. Everyone was very cordial, but there was not a common goal. There was the attitude of, ‘Things are okay as long as my area is okay.’”

But his functionally oriented, silo-minded leaders could not get past polite information exchange about their individual arenas to engage in the enterprise-level thinking required by the new challenges they faced. So, slowly, Mittermaier began recomposing the team to include only those who showed signs of an enterprise-leader perspective.

Hill of Applebee’s at first believed that if he just worked hard enough with his current members he could infuse a collaborative culture into a divided team of cordial old hands and combative newcomers. It was only after some of those team members, frustrated and angry at their inability to work together, confronted their chief executive that he saw the problem. All the patience and coaching in the world were not going to save his less-than-merry band of followers unless he made the tough call to re-compose his team.

Bevilacqua, as determined a leader as any we have encountered, was so intent on making strategic choices and making the merged entities successful that even when it was obviously futile, he kept trying to earn the respect of team members who clearly would never support the new organization and its new business strategy—nor their new leader. It was only after his chairman suggested that it was time to switch out some of his team members that Bevilacqua made several needed deletions from his team.

Although each of these leaders overcame the challenges he faced and eventually created a highly effective team, all of them bear scars from a process they will never forget. If you ask any of them what it was like, most likely you will get a shake of the head, a tired-soldier stare, and a muttered response. Hill calls it “painful.” Bevilacqua says it was “unbelievably hard.”

We cannot promise to eliminate the pain and difficulty of selecting the right members for your leadership team. But we can offer some guidance for making it easier, including which attributes to look for in potential team members, given your team purpose; how to help members understand their roles as individual leaders and members of a leadership team; how to identify and eliminate those obvious and not-so-obvious problem members—the team “derailers”; and when and how to make changes in your team membership.

Choosing the Best Players

Once you have created clarity about your strategy and operating model and have articulated the team's role in bringing it to life, you can thoroughly assess your current team members and determine whether or not you need to make any changes. It is at this time that you will stabilize the team's membership and create clear boundaries—in effect, saying, “This is us” for the foreseeable future. But it must be a thoughtfully crafted us. Composing a leadership team is not only a matter of selecting people by position or title or individual contributions to the organization. Your team members must also bring the essential competencies necessary to work as a real leadership team.

Most chief executives eventually reshape their senior leadership teams. If your team is to be effective, you must at minimum ensure that the members collectively understand and can represent the entire enterprise. But representing the enterprise does not translate into giving every division or function a seat at the table. As needed, those other senior managers and specialists who are not members can be invited to contribute to the team's work when the team can benefit from their expertise or knowledge.

We found that many leaders not only are hesitant to make changes in the team membership but also do not always make wise choices when they eventually change the team's composition. The challenge for a chief executive is to look deeper than the member's functional and operational expertise and focus on less obvious criteria as well, such as the person's ability to engage in robust but constructive debate with other team members and to think strategically about the enterprise as a whole.

We have heard leaders rationalize that they need the chief of technology for his systems knowledge, the marketing director for her knowledge of the customer, and so on. For a team engaged only in information exchange or for a team acting as consultant to you for key decisions, it's useful and productive to seek breadth of representation and expertise. Some leaders also make symbolic choices in membership. They may, for example, look for members who can broaden the demographic diversity of the leadership team, making sure that traditionally underrepresented groups have a highly visible role model at the leadership table.

Such choices are appropriate when they are part of a deliberate and thoughtful approach to the overall composition of a leadership team. More thoughtful approach to the overall composition has been shown to significantly increase a team's creativity and decrease the likelihood that the team will congenially make plans or decisions that turn out to be fiascoes. However, having a single nontraditional member—a “token” from an underrepresented group—is not sufficient. It takes at least a pair to make a substantive difference in the quality of group performance. A diverse top team is poised to evolve into a forum for debate of strategic issues that is as vigorous as it is constructive.²

Our research indicated that in poor teams, members viewed the diversity of their teams as, on average, too high to be optimal. In fact, on demographic dimensions such as age, race, and gender, these teams actually were too homogeneous. This complaint in poor teams about diversity was most common in teams in which functions, regions, businesses, and the like all were represented in a top team that was an unbounded mass, but with the CEO also seeking to make a decision-making body of the team. Members themselves recognized that it was unlikely in the extreme that the chief executive could identify a clear purpose and a set of core tasks for such a wide group.

Too many leaders make the mistake of using a highly diverse mix of players as their core decision-making team without preparing either the team or the members to use their differences well. When all functions, regions, and operating units are represented on a leadership team, members understandably play the roles that they have been signaled to play. “I'm here because I represent my area. I should speak only as the SVP of sales.”³ When this happens, chief executives limit the ability of their team members to deal collaboratively with their interdependencies or to