

REVIEW AND DISCUSSION QUESTIONS

1. What is the depth of decision-making latitude commonly found in self-managed teams?
2. What are the four key characteristics of effective self-managed teams?
3. According to research, how effective are self-managed teams?
4. What is the difference between a rule and a norm?
5. How many members should a self-managed team have?
6. What is the role of a champion?
7. Why do self-managed teams need top management support?
8. Why do self-managed teams need strong and experienced facilitators?
9. What is the difference between distributive leadership and high-involvement management?
10. Do all teams go through all stages of team development?
11. Do commitment and competence increase through each stage of team development?

CASE 8**Valena Scientific Corporation**

The case of Valena Scientific Corporation (VSC) is typical of what can go wrong when the concept of self-managed teams is ill-conceived within an organization. Though the benefits of employing self-managed teams are evident and compelling as revealed in this chapter, the proper implementation of the concept is critical to realizing any benefits. In the 1980s, the biotechnology industry was a rapidly growing sector of the economy. There was excitement in the industry as new discoveries in genetic engineering, such as gene splicing, came to light. The potential for medical breakthroughs in finding cures for diseases such as cancer, diabetes, and AIDS was high. There was a rush of new entrants into this attractive market area; venture capitalists and Wall Street poured money into these companies.

Valena Scientific Corporation is one of those companies who saw the biotechnology industry as an attractive, growing market to diversify into. VSC had previously concentrated its resources and capabilities in selling health-care products to hospitals, clinical laboratories, universities, and industries. Products for clinical laboratories (where blood tests and urine analysis are performed) represented 52 percent of VSC's sales.

Though biotechnology was an attractive industry to VSC, the risks of diversifying into the industry at that time were significant. The rapid growth and demand for qualified and experienced scientists meant there was a shortage of skilled specialists in the needed specialties. And commercial success, measured in new product introductions, was still lacking. As the 1980s drew to a close, investor interest was waning, and funding sources for biotechnology companies were dwindling; investors were getting out and putting their capital in other areas. Undeterred, VSC pushed on, believing that it had the solution to overcoming the industry's problem of slow development-to-market launch. The answer, management believed, was self-managed teams.

VSC staffed its program with only nine scientists; three were skilled in gene splicing, three in recombination, and three in fermentation. Technicians were also assigned to the program to help the scientists. Top management was convinced that the company's biotechnology research program could achieve greater success if the team of scientists and technicians was self-managed. During the early months of the team's formation and operations, everything seemed to be progressing well. Informal leaders emerged among the

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scientists in gene splicing, recombination, and fermentation. These three informal leaders coordinated the work of the three groups, which tended to stay separate. Interaction between the three groups was minimal, and the workflow was very sequential. For example, the work typically started in the gene-splicing group, followed by work in recombination, and then in fermentation.

The true test for VSC's self-managed team of scientists and technicians came in 1983, when VSC's biotechnology research program was given a special opportunity. Another biotechnology company, Hoffman-LaRoche, was developing leukocyte interferon to use as a treatment against cancer. Facing a limited window of opportunity to introduce the product in the market, Hoffman-LaRoche outsourced part of the manufacturing process to VSC. A very limited time frame was given to VSC to develop a technique for the mass production of interferon. VSC saw this as the ultimate test for its self-managed teams, which were already in place. Scientists in each of the departments (gene splicing, recombination, and fermentation) remained in their departments and began immediately to test ideas relevant to their specialty. A few months later, the informal group leaders met for progress updates and discovered that each group had taken a different research direction. Attempts to find common ground were unsuccessful; each subgroup believed its direction was best. Follow-up meetings were plagued by conflict and did not resolve the issue. When management became aware of the problem, they decided to appoint a formal leader to the program. A university professor with extensive research experience in recombinant DNA technology was hired as the chief biologist for VSC's Biotech Research Program. It was decided from that point on that all project members would report to him for the duration of the interferon project.

At this point it appeared that the SMT concept had failed. However, this was not the case. The appointed leader did not see his role as that of a leader in a command structure. Rather, he saw

his role as that of a facilitator, a champion for the cause. His first objective was to transform what was essentially just a group of scientists into a real team. He chose as his strategy to take the nine scientists on a two-day outdoor training retreat. Organized into small inter-specialty groups, the scientists had to talk across their traditional disciplines. The facilitator moderated the discussion of their hopes and visions for the project. When a shared vision of the group had been developed, the group turned to scientific issues and in mixed groups discussed the ideas that the VSC subgroups had developed. Gradually a consensus emerged as one approach seemed to have more likelihood of success than the others. When the group returned to VSC, technicians were brought on board and oriented to the new approach and focus of the project. Specific deadlines were set based upon group interdependence.

Major changes were observed in the behavior of the scientists after the retreat. Communication among subgroups became more common. Subgroup leaders exchanged ideas and coordinated many problems among themselves. Informal social gatherings for lunch or coffee breaks involving several members of the subgroups became commonplace. There were daily discussions and cooperation on research matters involving different group leaders and members. Though it was not the self-managed team that senior executives had envisioned, excitement, motivation, and dedication to the interferon project was high, and team spirit was at its best among project members. The presence of a team facilitator to set standards and norms and the benefits of outdoor training seemed to have played key roles in changing the group to a real self-managed team.

Go to the Internet: For more information on Valena Scientific Corporation (VSC), do a name search on the Internet and visit VSC's website at <http://www.vsc.com>. For ideas on using the Internet, see Appendix C. Support your answers to the following questions with specific informa-