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Building participative teams

by Joan C. Barrett

Many companies are using teamwork to meet the challenges of the 1990s.

Teamwork, however, means different things to different people. Historically, teams have been built on an hierarchical model: the manager gives orders, and employees follow the orders with little or no questioning of authority. Each person's duties and limitations are spelled out or at least understood.

In actuarial areas, the manager often is chosen by senior management based on his or her credentials, technical expertise, and managerial ability.

Participative management model

Recently, some companies have made an about face, turning from hierarchical toward participative management, also known as empowered teams or self-directed teams. In this model, members are given virtually equal voice in some decisions, regardless of title, technical expertise, or management experience. Such team decisions may include equipment purchases, hiring, and production scheduling, including decisions to stop production to fix a quality problem.

Participative management usually is introduced into a production environment to improve quality and efficiency. Two basic premises are behind the structure. First, individuals who perform the work often are better able to see flaws in the process than someone who only reviews the work flow and output. Second, an individual will do a better job if he or she understands the whole process and not just one specific job. It also is believed the team's synergy will promote creativity and reduce blind spots.

Technical experts, such as actuaries, often serve as team leaders in the initial stages of team development and gradually move to a consulting role.

Modified structures

A "pure" example of either model is hard to find. Even under the most stringent hierarchical model, some participation is permitted through suggestion boxes and employee surveys. Conversely, even the most autonomous teams have to work under constraints set by law or senior management. Most participative managements have a steering committee to define the guidelines and ensure compliance.

Many actuarial departments use a modified form of participative management by extensively cross-training department members. Even if members aren't decision makers, they have a better view of the "big picture." It also allows managers to be more flexible in assigning work.

7 essential factors for success

Some companies have proclaimed that participative teams have greatly improved product quality, efficiency, and employee satisfaction. Some factors named as crucial to their success are:

1. Open discussion

Since participative teams are founded on the principle that everyone contributes to improving a process, the first step is to create an atmosphere in which members feel safe to express their opinions.

Nothing will derail team-building quicker than "discounts." Discounts are actions or gestures that signal to someone that his or her opinion is not valued — a sarcastic tone of voice or a whispered comment to another team member.

Although discounts are usually unintentional, they are common. To make members aware of how their actions are perceived by others, a team may adopt "team norms": a list of behaviors that are acceptable or unacceptable to the group.

2. A clean slate

Once a pattern of behaviors and relationships is established, it is very hard to break. It usually is easier to make a radical change in management style in a new department or plant. In established organizations, it usually is easier to phase in changes by setting up pilot programs or adopting modified forms of participative teams first.

3. New skills and vocabulary

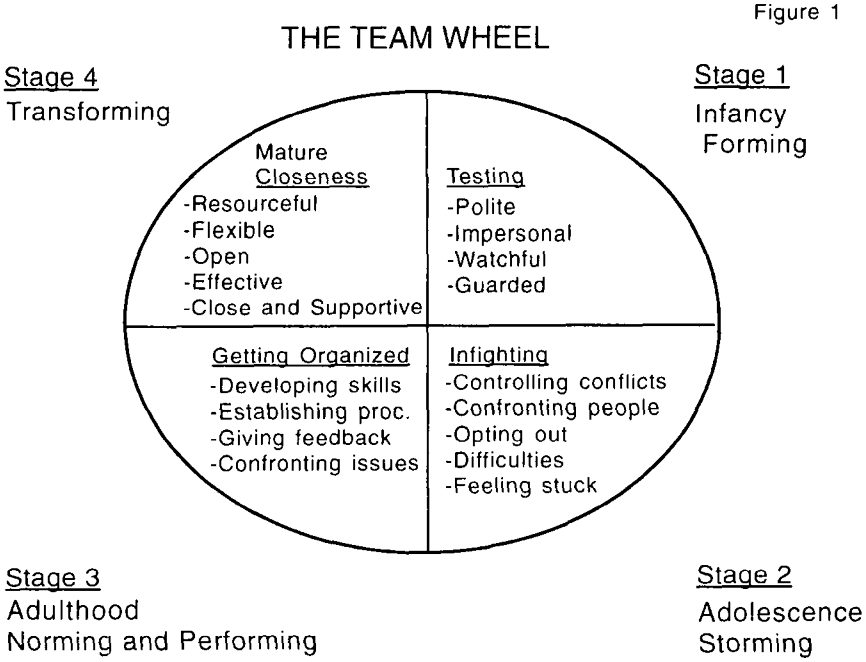
Working in teams requires a whole new set of social, managerial and, often, technical skills. One of the firs dilemmas facing the team is where to start the process of building new skills — with technical skills or with social/management skills. Some experts recommend teams start with solving technical problems to show some immediate results and build the team's confidence. The danger in this approach is that without laying the proper foundation, some undesirable behavior patterns, such as a rivalry or feud between members, can occur.

4. Consistency/defined scope

Under hierarchical structures, everyone must follow a set of rules or pay the consequences. The same is true for participative organizations, but, in many cases, it takes time to sort out the appropriate rules and the consequences for breaking them. Most people assume that everyone is following a set of unwritten rules. Chances are, however, that no two people can agree what these rules are.

For example, a steering committe told a team to cut turnaround time by 50% the best way they saw fit. The team decided the best way was to buy a very expensive piece of equipment.

Figure 1



Since they considered themselves empowered, they did the research and authorized the purchase. The steering committee found out and canceled the order. The team felt betrayed and embarrassed. After all, they put a lot of time and effort into the decision, and they thought they followed the one and only rule: find the best solution.

It is clear this unfortunate case could have been avoided by simply laying out the ground rules up front, explaining why they are necessary, and sticking to them.

5. Resolvable conflicts

In a participative environment, conflicts and differences of opinions are inevitable. In fact, some of the best ideas are born during an animated discussion. If the disagreement is not resolved quickly, however, all the team's efforts can be focused on the conflict and not the work.

Effective teams usually go through a cycle known as the team wheel (shown on this page). At first, members of the group are enthusiastic, but their enthusiasm is guarded. They wait to see what the rules are, whom they can trust, and who has the real influence and power. Eventually, human nature guarantees that conflicts will arise. They usually are resolved when the team decides what behavioral standards it will adopt. Then, friendships develop as the team works well together.

Often disagreements can be settled by simply nudging or cajoling the parties involved. If the conflict is more serious, the team may use formal team-building techniques, such as setting up norms and trust exercises. If the dissension is caused by serious differences in values or a deep-seated mistrust, the team makeup may have to change. A strong word of caution: if one group member is expelled, even an unpopular member, the result may be an atmosphere of fear and distrust that cannot be overcome.

6. Compensation equity

As soon as any organizational change is announced, someone pulls out a scorecard and tallies up the winners and losers. In participative management, the winners should be the customers who benefit from improved quality and efficiency.

The losers usually are the middle managers who enjoy a pay differential because of their supervisory duties. As more decisions are made by the team, middle managers are needed less. Technical experts sometimes fall in this category. Some ways to lessen the blow for these individuals are voluntary termination windows or freezing pay.

Other individuals may feel they deserve a raise because of additional training and skill levels required. If a pay raise is not affordable or if senior management does not think it is deserved, then that message has to be given to the workers clearly and consistently across the organization.

7. Moderate support from senior management

No change in a corporate culture can take place without active support from senior management. An interesting paradox arises, however, if senior management appears to be decreeing that the organization follows participative management. After all, a decree is the ultimate form of hierarchical management. Usually, the most effective support comes through setting a good example and removing artificial barriers, such as unnecessary paperwork, from the process.

Building an effective team is clearly a balancing act, with potential either for outstanding success or for huge failure. Is it worth it? Every organization has to answer that question for itself. Some sources that may help with the answer are:

- *Business Without Bosses: How Self-managing Teams Are Building High-performing Companies* by Charles C. Manz and Henry P. Sims, Jr., John Wiley & Sons, Inc., 1993.
- "The New Productivity Challenge" by Peter F. Drucker, *Harvard Business Review,* November-December 1991.

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