



UNDERSTANDING THE HR DIMENSIONS OF VIRTUAL TEAM BUILDING



RIGHT

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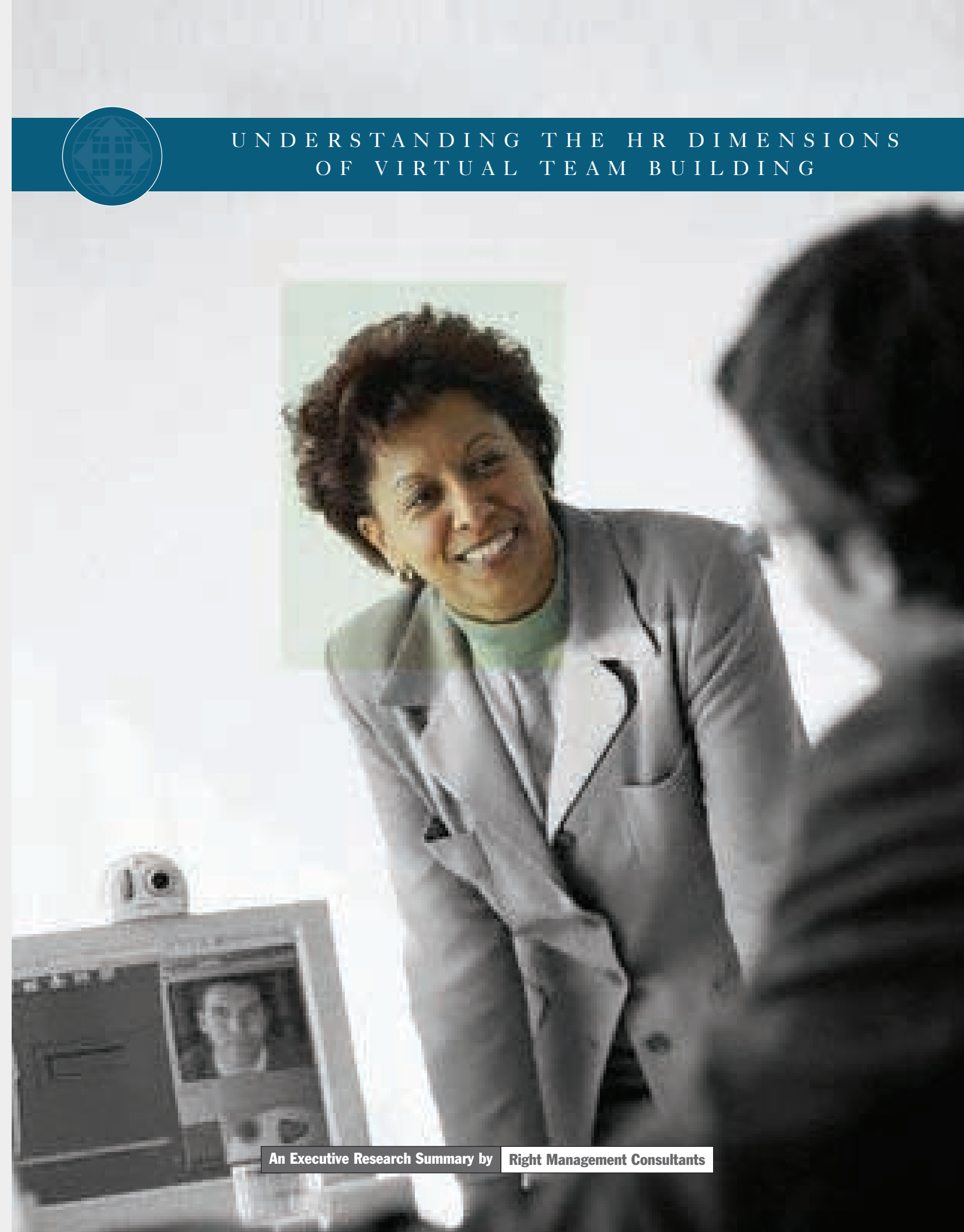
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An Executive Research Summary by **Right Management Consultants**

INTRODUCTION

The use of virtual teams—groups whose members are broadly distributed across geographies, cultures, time zones, or functional categories, and who do not frequently meet face to face—has been increasing dramatically in recent years. In a September 2004 study, the Gartner Group estimates that by 2008 41 million corporate employees globally will be working virtually at least one day per week and nearly 100 million will do so at least one day per month. Many if not most of these will be working on virtual teams.

The reasons for this phenomenon are not difficult to identify: the increasingly competitive global marketplace; the advantages of being able to integrate the specialized talents of employees located in widely dispersed locations; pressure to reduce workflow time and save on travel expenses; the ability to maintain a continuous flow of work and feedback; and the potential to provide employees with highly flexible work arrangements and use individuals on multiple teams, regardless of physical location.

Of course, all these advantages have been enabled almost entirely by the advent of Internet technology, which—in addition to the global conferencing capability that telephones have always provided—has made the instantaneous global sharing of documents, databases, and graphic material the new norm for the way work gets done and disseminated.

| But, as is the case with any technological advancement, there is inevitably a downside. |

Some research indicates, for instance, that virtual team members experience feelings of isolation, miss the sense of “shared space” that characterize face-to-face team interactions, feel their teams are less cohesive, and may feel their work performance is hindered by the challenge of coordinating work at long distances. In addition, cultural differences are hard to overcome in a virtual environment, time zone differences create pressures and scheduling inconveniences, and some groups report resistance to using all the technology needed to function as a team.

In a recent online survey, Right Management Consultants found that 66 percent of responding organizations said that enhancing the performance of virtual teams was “important” or “very important.” Given the prevalence of the virtual teaming phenomenon and the potential issues surrounding the performance of virtual teams, Right recently started a global research study to examine what makes these teams most effective, and what best practices will support organizations, teams, and team leaders in achieving the objectives for which these teams are established. The following report is an executive summary of the findings of this study.

STUDY OVERVIEW & HIGHLIGHTS

Right’s research consisted of three major components:

- ▼ A 52-item online survey, completed by virtual team members and leaders. The questions in the survey were developed to measure strengths and weaknesses within eight areas or dimensions of team activity, including:
 - Leadership
 - Team performance
 - Managing cultural differences
 - Conflict management and problem solving
 - Decision making and innovation
 - Interpersonal accountability
 - Communication
 - Technology
- ▶ Focus groups with active participants from current virtual teams
- ▶ Interviews with virtual team leaders

Ten major organizations participated in the study, spanning seven key industries: telecommunications, chemicals, pharmaceutical, software, technology, consulting, and health services. A total of 213 individuals took the survey and/or were interviewed, representing 21 teams within the participating organizations.

Demographics for the individuals and organizations included the following:

- ▶ 80 percent were team members, 20 percent team leaders
- ▶ 57 percent were male, 43 percent female
- ▶ 54 percent had been working together as a team for 1-3 years
- ▶ 46 percent had 6-12 members on their team
- ▶ 63 percent also worked on 1-3 other virtual teams
- ▶ 55 percent met face-to-face 1-2 times per year
- ▶ 36 percent never met face-to-face
- ▶ 65 percent reported never having an effective teambuilding session



STUDY OVERVIEW & HIGHLIGHTS

Dimensions of Virtual Teaming. Seven critical dimensions of virtual teaming activity were measured by the survey instrument. The table below shows these dimensions, along with the factors included in each one:

Dimension	Factors Measured
Leadership	<ul style="list-style-type: none"> ▶ Collaborative leadership ▶ Commitment to results ▶ Team member empowerment
Team Performance	<ul style="list-style-type: none"> ▶ Goals definition ▶ Organizational support ▶ Responsiveness ▶ Meeting deadlines
Managing Cultural Differences	<ul style="list-style-type: none"> ▶ Capitalizing on cultural differences ▶ Overcoming cultural barriers ▶ Valuing diversity
Conflict Management / Problem solving	<ul style="list-style-type: none"> ▶ Pursuing creative solutions ▶ Creating win/win outcomes ▶ Providing constructive feedback
Decision Making & Innovation	<ul style="list-style-type: none"> ▶ Empowering others ▶ Aligning decisions with strategy ▶ Seeking input from others ▶ Openness to new ideas
Interpersonal Accountability	<ul style="list-style-type: none"> ▶ Trust ▶ Accountability ▶ Inclusiveness
Communication Technologies	<ul style="list-style-type: none"> ▶ Use of appropriate tools ▶ Use of technology training ▶ Effective information sharing

STUDY HIGHLIGHTS

The key findings of the study can be briefly summarized as follows:

1. **Attention to people can balance “virtualness.”** Virtual teams need to compensate for the inherent lack of human contact in virtual teaming, finding appropriate ways to support team spirit, trust, and productivity.
2. **Virtual teams need special leadership.** Team leaders in a virtual environment must be especially sensitive to interpersonal, communication, and cultural factors to overcome the limitations of long distance teaming.
3. **No trust, no team.** Trust is a top factor in determining virtual team success, but interpersonal trust is more difficult to achieve in this environment than task-level trust.
4. **Team building pays off.** Virtual teams that invest in some form of team building activity tend to perform better than those that do not.
5. **Don’t let your team peak and decline.** Virtual team performance tends to drop after about one year of working together. Focused attention to interpersonal, communication, and cultural factors can help prevent the “peak and decline” syndrome and maintain team productivity.
6. **High tech needs high touch.** Electronic technology has made virtual teaming possible but is not a perfect substitute for human interaction. Use of appropriate media for meeting tasks, coupled with careful attention to development of the team’s interpersonal dynamics, are a winning combination.
7. **Don’t abandon face-to-face meetings.** While meeting face to face requires time and expense, virtual teams that invest in one or two such meetings per year perform better over all than those that do not. (Can we say this from our study?)

More information on each finding, and related recommendations for organizations, are outlined in the following sections.



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1. A Recurring Theme: Attention to People Balances “Virtualness”

The purpose of a team is essentially the same whether it’s a conventional team meeting primarily face-to-face or a virtual team meeting electronically over long distances. That purpose is to address projects, tasks, and processes with the combined talents of its members, to arrive at better, faster, smarter outcomes—ones that are more comprehensive, visionary, beneficial to the organization and representative of the interests of its constituents—than would have been produced by the work of a single individual.

| In essence, successful teaming depends largely on the effective interaction of human beings. |

On a conventional team, that interaction is significantly supported by the physical proximity of the team members. Specifically, team members’ ability to get to know each other on and off the job, to see and read facial expressions and subtleties of body language, to observe the dynamics, to understand and appreciate elements of cultural diversity in the group, and to develop communication skills that reflect and integrate all this. All of these factors contribute to a team’s capacity to discuss and process ideas, surface solutions, settle disputes, make decisions, and to get work done.

For a virtual team, however, few of the above-mentioned benefits exist at all. In a teleconference environment, for instance, team members depend almost entirely on what they can hear; they know (usually) who is talking, what they are saying, and how they are saying it. But there are no facial expressions or body language, no non-verbal signals across the room, no interpersonal chemistry or sidebar conversations to augment the words. In many cases, there is also no prior knowledge of what people look like, no shared history of time spent together as a group, and no clear sense of personalities and group dynamics.

So, the theme recurring throughout much of what follows in this report is the unique need of virtual teams and their leaders to continually overcome the limitations inherent in virtual teaming. This means the approaches to team leadership and development must be different from those used for conventional teams, and that matters of communication and culture—the so-called “people issues”—take on a heightened relevance to the performance and success of these teams, upon whom organizations rely so heavily to compete in the global economy.

2. Virtual Teams Need Special Leadership

By a considerable margin, survey participants ranked leadership as the factor most important to the success of virtual teams. Since leadership is a critical factor in a team or any organization, it’s not hard to understand why it would be ranked highly in this particular context.

Analysis of the survey data shows that leadership does, in fact, have a statistically significant correlation with higher performance on virtual teams. Furthermore, other factors which are essential components of leadership skill—namely, effective development and management of interpersonal accountability, communication, and cultural differences—were key differentiators between high and medium or low performance levels.

Related findings include the fact that the item, “New leadership talent emerges as necessary” was the leadership question most related to distinguishing medium from low level performance. Another item, “This leader is committed to seeing outcomes through,” most distinguished high from medium performing teams. These results may indicate that, in virtual team leadership, the most important issue may not always be the designation of a single, permanent leader for the team, but may be the effective management of interpersonal, cultural, and communication issues through the collective efforts and talents of the group. These findings may, in fact, suggest that a rotational approach to the leadership position could add value to the team’s performance. On the other hand, as the second item above indicates, there also needs to be a clear commitment to accomplishing the objectives of the team, whether leadership is permanent or rotated, and no single approach will be right for all teams.

Leadership qualities needed on virtual teams are different from those for conventional face-to-face teams, because virtual team leaders have to recognize and compensate for the inherent communication and interpersonal limitations of virtual teaming. They have to do this by taking special care to facilitate at every opportunity ways to break through these limitations—by supporting team-building sessions, face-to-face meetings, encouraging all members to contribute during meetings, and by acknowledging team member contributions. Thus, it is extremely important that organizations select team leaders and team members who will succeed in a virtual environment. Organizations will benefit from the use of assessments to ensure that individuals possess the competencies required to lead or participate on a virtual team.



Based on these findings, recommendations for virtual team leaders include:

- ▶ Ensure that leadership competencies that reside on the team are not neglected or wasted, and consider this when delegating responsibility for work of sub-teams and task-groups.
- ▶ Consider a periodic rotation of the leadership role, to engage and energize team members more fully, to refresh the approach taken to team tasks, to utilize team talent more effectively, and to ensure greater balance and integration on cross-cultural teams.
- ▶ Acknowledge that virtual teams need greater amounts of information and more frequent communication, and work to facilitate these.
- ▶ Find ways to help team members inspire one another, to make all members feel included and valued, and to recognize team members' contributions.
- ▶ Provide time and opportunity for teambuilding sessions, especially early on
- ▶ Place high value on annual or periodic face-to-face meetings.
- ▶ Model good communication skills, encourage healthy discussions and disagreements, and help manage conflicts.
- ▶ Model qualities of trust and responsiveness.

Of the factors that impact virtual team performance, which are essential to virtual team success.

Demographic Group	Valid N	% of respondents
Total	624	
Team leadership	184	29%
Company support of virtual teamwork	92	15%
Technological training	43	7%
Team building and development	103	17%
Trust	139	22%
Face-to-face meetings	62	10%

3. No trust, No Team

Trust is, in some sense, the essence of teaming. On an ideal team, individuals come to know and respect one another, value each other's strengths, compensate for each other's weaknesses, and believe they share a common goal of accomplishing the objectives of the team for the greater good of the organization—above personal concerns, egos, and political issues.

Trust was identified as the second of the top three factors that impact virtual team success; and the data supports this:

- ▶ The “interpersonal accountability” factor or dimension was the strongest single determinant of higher performance among the organizations surveyed. This dimension included issues of trust, accountability, and inclusiveness.
- ▶ One of the survey items differentiating high from medium levels of performance was “team members trust one another to follow through.”

An interesting additional implication of the survey data was that on virtual teams, trust seems to develop more readily at the task level than at the interpersonal level—which reaffirms other well known research on this subject. In other words, on virtual teams, it's probably easier to trust that someone wants to get the job done and will do his or her part to complete the task than it is to trust someone to keep a confidence, to treat your ideas with respect, and to value your cultural perspective.

Our research, interviews, and focus groups indicate that this second level of trust is most likely to develop when the following conditions exist on the team:

- ▶ Communication is truly open.
- ▶ Teams meet face-to-face at least once.
- ▶ Members feel empowered to make and act on decisions.
- ▶ Conflicts are managed and not avoided.
- ▶ The team leader models and reinforces these positive behaviors.

Both task accountability and interpersonal processes help to build trust on teams, and the most successful teams and leaders work to cultivate them both.



4. Team Building Pays Off

It's easy to understand why virtual teams might not conduct team building sessions. We usually associate such training with teams that meet face-to-face in one room and can participate in workshop exercises—not with groups whose members can span continents and oceans and who interact most of the time via telephone and email.

In fact, only 35 percent of virtual team members surveyed indicated that they had ever had an effective team building session with their team; the other 65 percent reported having had none at all.

The 35 percent have found that team building was worth the effort. This group was found to score significantly higher on several key team effectiveness factors than those who had no teambuilding activity. These factors included leadership; decision making and innovation; team performance; managing multicultural differences; and communication technologies.

Evidently, the very limitations of proximity and communication that characterize virtual teaming make it all the more critical for these teams to invest in some team building activity to strengthen performance and productivity. Such sessions—ideally conducted at an initial or subsequent face-to-face team meeting—help team members get to know each other personally, strengthen working relationships, bridge culture gaps, and create team spirit and momentum that can greatly enhance the effectiveness of the regularly scheduled virtual meetings held during the rest of the year.

Face to face Virtual Team building **SUPPORTS...**



- ▶ Leadership
- ▶ Decision making
- ▶ Innovation
- ▶ Performance
- ▶ Managing cultures
- ▶ Communication

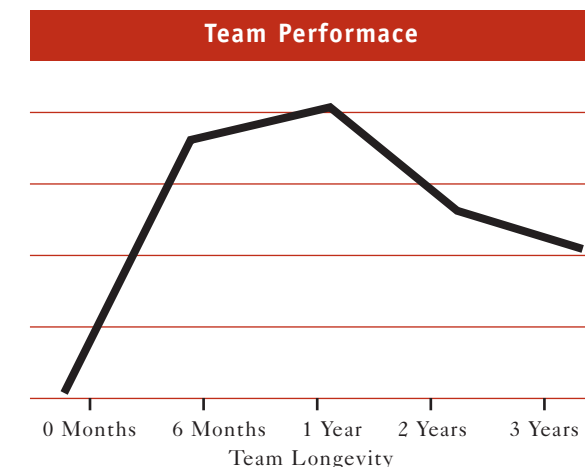
5. Don't Let Your Team Peak and Decline

Seventy-seven percent of team members who responded to the survey said they expect their virtual teams to continue working together for longer than a full year. Fifty-four percent had already been working on their teams for one to three years, and another sixteen percent for more than three years.

This longevity of teams raises the important question of long-term team effectiveness. Do virtual teams tend to burn out over time or do they remain consistently productive? Analysis of the survey data, correlating team longevity with performance factors, suggests a real risk of performance peaking at about one year, and declining thereafter. Teams working together for six to twelve months scored significantly higher in performance areas than teams operating from one to three years. (See illustrative graph below.)

Given the unique nature of virtual teams—especially the ongoing need to compensate for limited in-person interaction and the resulting interpersonal and communication challenges—several potential strategies for preventing team burnout—in addition to rotating the leadership role (see p. 5) could include the following:

- ▶ **Clearly define all team roles and accountabilities**, to minimize frustration, misunderstanding, and disconnects that can damage morale and derail team productivity.
- ▶ **Review team communication strategies regularly**. Examine all processes and protocols related to meetings, uses of technology, dissemination of information, collaboration, decision making, dispute resolution, reporting, and so forth. Open discussion and consensus on such issues can lay valuable groundwork for smoother, more productive teamwork, with participants more focused on task, rather than distracted by process.
- ▶ **Periodically examine the level of team performance**. Collect feedback from various stakeholders (e.g., customers, team members, team leader, etc.) to assess the team's performance. Based on the outcomes, identify barriers to high performance, as well as steps that can be taken to overcome these barriers. In addition, identify what factors enhance the team's performance and ensure that these factors will be retained.



6. Virtual Teaming Needs High Tech and High Touch

Virtual teaming has largely been made possible and practical by the availability of electronic technology. Whereas telephone conferencing has long been a popular tool in business, it wasn't until the common use of email and other Internet-based capabilities that far-flung teams could instantaneously share documents, collaborate on projects, conduct presentations and training sessions, and redistribute completed work globally.

So, one would expect that there would be a strong, positive, correlation between the use of a range of technology and the success of virtual teams. According to our research, however, the truth is not quite so simple.

First, on the positive side, there were three significant findings:

- ▶ Those virtual teams making frequent use of communication technologies also tended to make effective use of teambuilding sessions.
- ▶ Teams who used videoconferencing also tended to hold face-to-face meetings.
- ▶ Leader survey data suggests that teams that use videoconferencing may perform better in general than those who do not.

The first group of findings may indicate that higher levels of communication usage show a heightened awareness of the need to break through the “virtualness” barrier and achieve effective human contact, in support of successful team interaction—hence the correlations with use of face-to-face meetings, teambuilding, and better performance. In contrast, however, the second finding seems to present a cautionary note: the number of media employed in teaming does not necessarily guarantee good performance; and conversely, poorly performing teams may be overcompensating by trying a wide variety of technologies, with minimal effect.

In short, teams and leaders should focus on carefully choosing communication technologies that are most appropriate to the specific task. Team members often complain about having frequent conference calls, with all members included, to receive information that could easily have been distributed instead via an email or intranet posting. Email is good for simple information sharing, whereas conference calls are good for interactive sharing of ideas or plans. Video conferencing or face-to-face meetings are best when non-verbal communication is important. Some focus group participants felt strongly that operational business can be done virtually, whereas strategic discussions are best done face-to-face, or at least via video conference, when possible.

Teams should use technologies that best support each task, and maintain focus on the overriding objectives governing the team. While the initial development of a communication strategy is an important step to enhance team performance, it is essential to reexamine regularly the team's communication processes in light of evolving needs.

7. Don't Abandon Face-to-Face Meetings

Given the primary reasons virtual teams are formed in the first place—including convenience, time, and economy—it's easy to see why face-to-face meetings might get neglected. Virtual teams are sometimes conceived simply as a replacement for face-to-face meetings when these are impractical or difficult to hold. But, the survey data suggests that any team with a long-term role and responsibility to the organization should consider at least an initial, if not periodic, use of face-to-face team meetings.

55 percent of respondents to the survey reported that they meet face-to-face 1-2 times a year. Thirty-six percent said they had never met face-to-face. Data analysis indicates that those who did meet face-to-face performed better in several areas than those who did not. They...

- ▶ Tended to score higher on effective team leadership.
- ▶ Did better managing multi-cultural differences.
- ▶ Scored higher on creative ideas and approaches.

It stands to reason that anything that can be done to compensate for the interpersonal dimensions that are lacking during most of the operating life of a virtual team could not help but improve camaraderie, morale, spirit, and performance. Still, the commitment to the time and investment required to hold face-to-face meetings is significant, and teams not currently doing this would do well to encourage their organizations to give the idea careful consideration and support.

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The Right Story

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