The Strange, New World of Leadership in Team-Based Organizations

Tippecanoe Laboratories’ Leadership Ladders redefine team-based leadership roles and styles.

Elaine J. Labach

It was February 1993 when all of the senior-level management from Tippecanoe Laboratories (a manufacturing and development facility for parent Eli Lilly and Company) attended a week-long, corporately-sponsored head-dunk on the new competitive realities in the pharmaceutical industry. The message was clear — our company’s position was being challenged. Competition was increasing, margins were being squeezed, and public concern was growing over national health care. The bottom line was that it would be tougher than before to develop, manufacture, and market our pharmaceutical products.

Members from Tippecanoe Lab’s Lead Team (a cross-functional site leadership team) returned to share what they had learned about the current situation and to discuss how the Tippe site, their units, and they personally would respond to what they had heard. They developed a list of action steps called “Bold Strokes” that would show that our site was serious about looking for new ways to more effectively run our site businesses.

The First Bold Stroke — Flatten the Hierarchy

Many of the action steps concerned how our organization was working and in particular, how responsive it was to the changing external environment. The site was in the early stages of forming cross-functional teams, but progress had been slower than expected. Specifically, team decision-making, speed of communication, goal alignment between different levels and teams, and continued development of cross-functional business processes to reinforce the teams would take more than what we were already doing.

The site’s Lead Team discussed some new ways they could lead and facilitate moving the site to a team-based organization. They began with themselves and with a blank sheet of paper. They asked how the site’s Lead Team should be organized and what role it should play to speed up cross-functional team replication. The result of these discussions led to a plan to reduce one management layer from the site’s senior management structure. In April 1993, the Lead Team identified nine of its 18 management positions which could be consolidated and eliminated. In June and July 1993, seven individuals from these positions were redeployed to other jobs of strategic importance to the corporation and two individuals opted...
for retirement. Communication of this plan signaled the need for urgent change to the site’s 1325 employees as well as to other Lilly facilities.

Jim Kleck, Tippecanoe Lab’s general manager, reflects on why and what was achieved: “We (as the site’s leadership) wanted to send a signal to demonstrate to our employees that we were serious about change, and that we viewed this with some urgency and not business as usual. We also wanted to lead by example and walk our talk. The site’s leadership grew up in this culture, and being creatures of habit, we had not in the past been able to radically change our communication or decision-making styles. When we took out a layer, we in effect took out a link of the traditional hierarchy and it forced those who remained to focus on what was really important and value-adding, thus motivating the behavioral changes we needed to move toward a team-based organization.”

After flattening the hierarchy, the site achieved the following:
- more integrated and streamlined site-level decision-making processes
- enhanced communication (fewer layers)
- better alignment and decision-making with teams (reduced overlapping decisions and decisions made at the appropriate level)
- enhanced trust of team decisions against pre-agreed boundaries.

**Bigger Jobs and “Adminis-trivia”**

Many of the site’s Lead Team positions were combined with positions which had been eliminated, resulting in new jobs which were very big (either in span of reporting head count or of business risks which needed to be effectively managed). Bigger jobs resulted in some of the workload rolling down to either the next level of management or to teams, and this pushed everyone to assume more responsibility and to learn how to communicate more creatively.

However, as involvement increased in decision-making, some issues began to emerge. Many of the processes for information-sharing were still not in place for the new Lead Team structure, and this created the need for Lead Team members to manage what they called “adminis-trivia.” In addition, the capabilities of employees in teams or the next level of management were more challenged. In some cases, the ability to delegate new responsibilities was limited by the capability of direct reports and maturity of teams. Lead Team members began in earnest to build capability and to ensure that boundaries were in place before delegating duties. The reaction of the teams was mixed. Most appreciated the added responsibility and wanted more; some felt that there was now “no place to hide” from added responsibility.

**Bold Stroke versus Long March?**

Among the many learning points from the Lead Team’s desire for a bold intervention was the idea that changing the organization would take more than Lead Team restructuring. More work needed to be done to support the use of cross-functional teams in decision-making (that is, skill development, alignment of decision-making processes, ensuring performance boundaries/measures were in place, and linking everything to the long-term strategic direction of the site). The Tippe Lead Team announced its second Bold Stroke. It would create, sponsor, and resource a site Organizational Development (OD) Project Team whose charter would be to serve as champions for the long march of organizational change.

The direction of the OD Project Team is shown in
Defining Leadership in a Team-Based Organization

One of the Project Team's initial areas of emphasis was leadership. Work in this area began three years ago when we defined the leadership role in the problem solving efforts of teams through an effort called Performance Excellence (an early Corporate TQM initiative). The leadership concept in teams was broadened at Tippe to further detail the role of team leader as developer (coach, change agent, and facilitator of team decision-making processes). Skill development and performance appraisal modification had been ongoing through 1993 for this role (see Figure 2).

However, many Lead Team members' positions did not fit the developer role and after the Lead Team restructuring, many members found themselves with “fuzzy” roles. Role ambiguity left many with questions:

- “How do I support, guide, and reinforce the teams within my unit and still ensure accountability without over-control and micro-managing?”
- “How can I use my leadership role and style to renegotiate responsibility contracts (share more responsibility and accountability) with my teams and members of my unit?”

After restructuring, Lead Team members had to concern themselves with these questions and were uncertain about the role they should play in teams to empower others but still maintain accountability.

Leadership Framework

As the Project Team began to address these issues, we began to discover aspects of the leadership concept that made it so complex in a team-based organization. We developed a framework to help us break down the various leadership issues into easier-to-understand elements:

**Personal**

Includes personal elements of change, beliefs, and
behaviors. Aspects include establishing a personal vision which you intend to live by, self-management skills, and the ability to confront your self-limiting beliefs and personal barriers. For example, important leadership aspects at the personal level are courage to effectively confront and overcome learned dependency.

**Interpersonal**

Considers elements of effective interaction of a leader in a team setting, which includes the skills and behaviors necessary to add value to the team. For Lead Team members, this would include setting/aligning team direction, facilitating decision-making/problem solving, and team development. The over-riding theme is to transition leaders from using direct authority to influence in sharing responsibility and maintaining accountability.

**Organizational**

Includes aspects of the organization typically outside the realm of teams, such as creating/streamlining systematic approaches for teams to become more customer-focused and responsive. Leadership would serve as a barrier breaker of organizational systems which interfered with teams better serving their customers.

**Strategic**

Using leadership roles/styles at the various levels in the organization as a cultural change lever. Part of this includes the ability to translate changing external environmental factors into teams as effectively and quickly as possible. Along these lines, leaders must continually refine their leader's role in defining a mission for their units. (Note: a leader's role in defining a mission includes specifying the "what to work on" not the "methods to work on the whats.")

At the same time the Project Team was developing this framework, we also attended Stephen Covey’s “Seven Habits for Highly Effective People” workshop. Through this course, we learned that a permanent shift in leadership behaviors must be driven by an individual’s beliefs and values (that is, driven inside-out). Therefore, the implementation strategy we chose for skill development always starts with issues at the personal level and progresses up through interpersonal, organizational, and strategic levels. We also concluded that every employee at the site had some aspect of leadership in their jobs. To promote our vision, our site is offering this workshop to all site employees as a strategic intervention to build everyone’s personal leadership (self-management) skill base.

<table>
<thead>
<tr>
<th>Framework Scope</th>
<th>Ladder Level</th>
<th>Leadership Role</th>
<th>Leadership Style</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strategic</td>
<td>(7)</td>
<td>Higher levels of organizational trust, where work teams take the vision; set strategies and goals and execute implementation. Individual leaders are part of a global network of peer visionaries.</td>
<td>Visionary</td>
</tr>
<tr>
<td>Organizational</td>
<td>(6)</td>
<td>Renegotiates social/business contracts with teams based upon partnership and empowerment principles. Maximizes team choice and accountability. Is highly literate in business issues/trends.</td>
<td>Partner</td>
</tr>
<tr>
<td>Personal</td>
<td>(5)</td>
<td>Builder of critical linkages and networks to help work teams interface with internal/external customers, suppliers, other teams, etc. This level is characterized by high interdependence and cross-functionality relationships. Teams design/manage their own processes.</td>
<td>Collaborator</td>
</tr>
<tr>
<td>Interpersonal</td>
<td>(4)</td>
<td>Facilitates, teaches, and builds capability of teams by breaking barriers, streamlining processes, and integrating staff/support roles to enhance teams' performance. Teams set their own goals and monitor team performance.</td>
<td>Enabler</td>
</tr>
<tr>
<td>Personal</td>
<td>(3)</td>
<td>Plays three roles (team leader, coach, and change agent) in order to guide teams to higher skill development, responsibility, and performance. Develops individual/team capability so that teams are well-informed, qualified, and are continually learning about improving their work processes (such as meeting customer requirements and improvement).</td>
<td>Developer</td>
</tr>
<tr>
<td>Interpersonal</td>
<td>(2)</td>
<td>Leader is paternalistic and delegates tasks, assignments, reviews, and problem-solves against results. Leader encourages teams to remain dependent and obedient.</td>
<td>Parent</td>
</tr>
<tr>
<td>Personal</td>
<td>(1)</td>
<td>Leader is in control and micro-managing, with little trust or risk-taking. Leader interfaces with individuals and teams by keeping them totally dependent.</td>
<td>Dictator</td>
</tr>
</tbody>
</table>

**Figure 3.**

**Team-Based Leadership Requirements for the Lead Team**

The next step, to better define the leadership role of the Lead Team, included translating the various levels of leadership from the framework to a list of requirements of leadership for members of the Lead Team. Our list follows:

1. Leaders must have capacity for creating a visionary mind set. They must have a personal vision which they personally commit to achieve; they should be willing and able to coach others in developing a personal vision.
Developmental Activities for site Lead Team Leadership Dimensions

Dimension
13. Ensure teams identify customers and value-adding services

Tools
- Voice of the customer (customer assessed survey of team performance)
- Contracting (general framework)
- Partnership intent (contracting with your team)
- Partnership agreements (contracting with another Lead Team member)
- Team-to-team contracts (contracting with another team)

Skills
Lilly Team Excellence (workshop):
- Identifying the "right" things (value-adding)
- How to contract with a customer
Contracting (workshop):
- How to develop a contract and determine your role
- How to diagnose customer needs and give feedback
- Negotiating needs and wants with customers
Empowered Leader (workshop):
- Establishing your personal vision
- Communicating and coaching others with personal vision
- Dealing with barriers to your personal vision
- Developing and communicating your partnership intent
- Effectively dealing with others in delegating responsibility
- Developing agreements with other teams and groups
Covey 7 Habits (workshop)

Questions
- Has your team's core mission been identified?
- Have you identified how your team adds value? Pretend your team competes in a free market setting and ask specifically what is provided that would gain them market share (low cost? providing something no one else does? providing something in a way that no one else does?)
- Has team's value-adding activities been confirmed by customers?
- Have you identified key results to meet customer needs?
- Have you communicated constraints (business and political)?
- Are team's mission and products/services aligned to site mission?
- Have you communicated your role and how accountability will be maintained?
- Have you communicated how dependency will be confronted?
- Have you communicated consequences of meeting, exceeding or failing to meet key results?

Leadership Ladders

2. Leaders must have a current/strong understanding of key site and team business issues in order to provide clarity, focus, and alignment of team vision and mission. Also, leaders must begin to build the team's knowledge of economic and competitive aspects of managing the business (business literacy).

3. Leaders must understand, continually learn and personally express versatility in leadership through modeled behavior (that is be flexible and walk the talk). For example, a Lead Team member should be able to lead a large unit (large job scope role), large project team (project leader role), lead a support group (partner role), or serve as a corporate resource (steward role).

4. Leaders must have courage — to get involved, to live out their personal visions, to be responsible for their own learning, and to take a stand and hold others accountable to pre-agreed to contracts. Leaders should take risks and maintain accountability of consequences (either positive or negative) from actions they or their teams implement. Leaders must be willing to accept more risk in exchange for providing more freedom to their teams (such as facilitate responsible freedom).

5. Leaders must be emotionally robust and acknowledge their own and other's hedge against accepting more responsibility. For example, the leader must commit to their personal vision to serve the organization and deal with their own personal barriers of "getting their way" (self-interest) or "victim paralysis" (a feeling of not having any control). Once they can effectively deal with their own issues (personal), they can help others deal with these issues (interpersonal).

6. Leaders must be ready to consent to sharing power and control to enhance team commitment and ensure responsibility at the most practical level in the organization. They must maximize choice, ownership, and capability of those closest to the work processes. They must be the change agent for their teams to align organizational systems and practices for teams to meet their mission in providing ever increasing levels of customer service.

7. Leaders must be willing to give up many of their tasks and integrate these responsibilities into the teams. Leaders must learn to be accountable to their teams, ensure accountability from their teams, and make sure teams have a voice in what additional management tasks they take on.

8. Leaders must also facilitate staff/support groups’ interaction with teams. This usually involves joint discussion on what value-adding services a support group can provide to the team, ensuring teams have a voice in what services add value as well as what needs to be integrated directly into the teams.

Leadership Ladders

By repeating the process for all leadership roles for
the site, the Project Team developed the Leadership Ladders (shown in Figure 3). As a leader develops team-based leadership skills, they in a sense “move up the ladders” through the role that they play for the teams they serve. More experienced leaders with higher levels of responsibility have a larger percent of their role defined by the upper rungs. The ladders are not meant for only “management,” but for teams and team members as well. Job role and team scope limit how far up the ladders a team or member may progress, but we expect this will change as teams evolve to self-managed/self-directed. Today we would expect that a team member serves the role of “peer leader” and should at least play the developer role (share their expertise with the team).

**Mechanisms to Move to New Leadership Roles**

For the site’s Lead Team, we will use several “mechanisms” to more specifically define and assess movement up the ladders to team-based roles.

**Leadership Dimensions**

The project team facilitated a list of 21 leadership dimensions which cover all the positions of the site Lead Team. These dimensions specifically detail a list of activities a leader does as part of a team or outside of a team to create a more supportive environment. These dimensions fall into three key theme areas and directly translate to the leadership requirements:

**Serve as a Role Model**

1. Enthusiastically supports team concepts
2. Ensures effective/empowering team decision-making
3. Builds personal commitment among team members
4. Models expected team behaviors
5. Models expected team values
6. Develops trust within the team

**Promotes Team Responsibility and Ownership**

7. Encourages team responsibility/accountability
8. Facilitates organizational change
9. Serves as a team partner to maintain results
10. Communicates key results of team performance
11. Ensures team members are capable
12. Is visible and available for coaching and support
13. Ensures teams identify customers and value-adding services

**Manages the Boundaries**

14. Develops clear vision and strategy
15. Coaches/aligns personal vision of self and team
16. Communicates a clear vision and big picture
17. Ensures 360 degree communication between teams and levels
18. Facilitates team-to-team linkages and relationships
19. Barrier breaker (facilitates work flow, conflict resolution)
20. Facilitates resource acquisition
21. Communicates constraints and guiding principles.

**Integrating Skills and Tools**

As dimensions are formed, we are also forging ahead in defining the skills, tools, and some examples to help Lead Team members better understand and apply team-based leadership process. For example, in helping teams identify their customers and the value-adding products and services which the team provides (dimension 13), there is a list of skills, tools, and experiences which are recommended for this dimension (shown in Figure 4). Two powerful tools we have used include a “statement of partnership intent” as well as “contracts” (another internal Lilly TQM initiative called Lilly Team Excellence). We also will list mentors who can provide coaching on specific subjects. For example, a mentor may advise a leader to continually challenge their teams: “Don’t treat me as your client or customer — focus on the real customer or whoever receives the team’s output.” Without this leadership intervention, teams will continue to serve those that have power over them versus their customer.

This is not to say that we haven’t hit stumbling blocks along the way as we try to live to these dimensions. For example, a recent experience shows the need for leaders to communicate constraints (dimension 21) when commissioning new project teams. The Lead Team had sponsored a sub-team to explore enhancing “value/cost” and had commissioned this sub-team with nothing more than a problem statement. The Lead Team’s intentions were honorable, however, in that they did not want to limit the sub-team’s creativity. The sub-team came back with a proposal which was very similar to a project another team was working on, and both sub-teams began to compete for priority before the Lead Team had to step in and provide conflict resolution. We all learned that se-
ting boundaries is important — it will save us time, increase productivity, still allow creativity, and ensure alignment between other groups in the organization.

Next Steps — Use of 360 Feedback in Assessment

Another mechanism to help Lead Team members continually assess their leadership is the use of a 360 degree feedback process. By using the dimensions previously described, each Lead Team member will be able to use a broader set of information to better assess their leadership. The implementation plan is to first collect information for individual development. The longer term plan is to place a Lead Team member's performance “at risk” and use the feedback for appraisal and merit pay decisions. We recognize that the implementation plan for the “at risk” option will be different (data will be collected and integrated differently) as well as target a pre-agreed-to percentage of appraisal/merit dollars which will be based on the data, but the concept of expanding the base and increasing the timeliness of feedback will be the same. By providing this feedback data to our leaders, we can facilitate each leader's development and ensure they are rewarded for changing behaviors.

Current Situation

A year has passed since the site and the Lead Team first discussed “Bold Strokes.” We have made considerable progress and have recognized the complexity of this beast called “organizational change.” We have also discovered that the best we can do is to keep moving and learning. Waiting for things to get easier or to settle down only means you have more to do later and fewer degrees of freedom. Of concern to the Organizational Development Project Team is building new leadership capability which is responsive and aligned to the needs of the teams and our stakeholders. This includes developing and implementing mechanisms which will allow leadership to deal effectively with increasing amounts of change at all levels of our organization. We know that if we cannot continually improve our adaptability, we will fall behind and be in catch-up mode once again. This reality is a very basic assumption we have accepted about how the new global world works.

1. "The Seven Habits of Highly Effective People" (a video-based leadership development course), Covey Leadership Center, Inc., Provo, UT, 1990.

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