



**Igniting High
Performance:
How Top Teams
Navigate Four
Essential Tensions**

Top Teams: Challenges and Opportunities

Company performance is largely a function of top-team performance. Yet a remarkable number of top teams struggle to work together effectively. Business unit and function leaders are often laser-focused on their own P&Ls, without adequate incentive to collaborate. Competition for consideration as a CEO successor may also disincentivize successful teamwork. Sometimes, the problem is a leadership issue, with the CEO asserting too much or too little control over the team.

The pervasiveness of top-team underperformance was one of the key themes identified by more than 1000 CEOs and C-suite executives who responded to a recent Russell Reynolds Associates survey. Through this research, designed to better understand the unique challenges and opportunities facing top teams, it became clear that putting a group of high performing executives together does not necessarily create a high performing team.

Forty-five percent of CEOs and C-suite executives do not consider their top teams to be high-performing, even though nearly all believe they personally have a positive impact.



Problematic top team dynamics often fester for years, because few organizations know how to proactively address the right issues in the right way. Those that try typically focus on the symptoms rather than the root causes, or employ a generic team dynamics approach, rather than looking at solutions that are designed for the unique mandate of the top team. Often, it takes an external catalyst – a new CEO, or a new strategy in response to a merger, IPO, or changing market conditions – to force a reckoning. These catalysts spark challenging questions, including: *Do we have the right team in place to drive our strategy? Do team members agree on key priorities? Are we operating as an effective and cohesive unit?* and, most importantly, *How do we turn things around?*

This matters. A top team that cannot maximize its current opportunities will be slower to adapt to new ones, creating a natural drag on long-term performance. The underperformance of a top team inevitably reverberates across the organization, leading to confusion, drift, and competitive decline.

Our research also makes clear the benefits that accrue to high-performing top teams. On average, our survey data shows they are about 30 percent more likely to excel in managing complex initiatives, attracting talent, executing strategy, operating with integrity and preparing for the future. These findings underscore the fact that building a high-performing top team carries both financial and cultural benefits for the entire organization.

In this paper, we look at what it means to be a high-performing top team as well as what it takes to get there. We draw on Russell Reynolds Associates' Productive Tensions for Top Teams model, which helps top teams gain a clearer view of where they currently stand as a group, and how they align with or stray from the organization's strategic goals. Ultimately, this picture of team dynamics allows CEOs and their direct reports to thoughtfully and proactively execute their strategy by improving how they function as a team and execute against their goals.

Defining high performance for top teams

We define a top team as a cohesive unit that has enterprise-wide accountability to the CEO. This team is unique in both composition and mandate. Its members are responsible for the long-term and near-term success of their individual business units and functions, but also for the long-term and near-term success of the enterprise as a whole.

High performing top teams have five common requirements:



**ABSOLUTE
TRUST**



**MISSION
ALIGNMENT**



**STRATEGY
ADAPTATION**



**RESULTS
FOCUS**



**ESTABLISHED
TEAM NORMS**

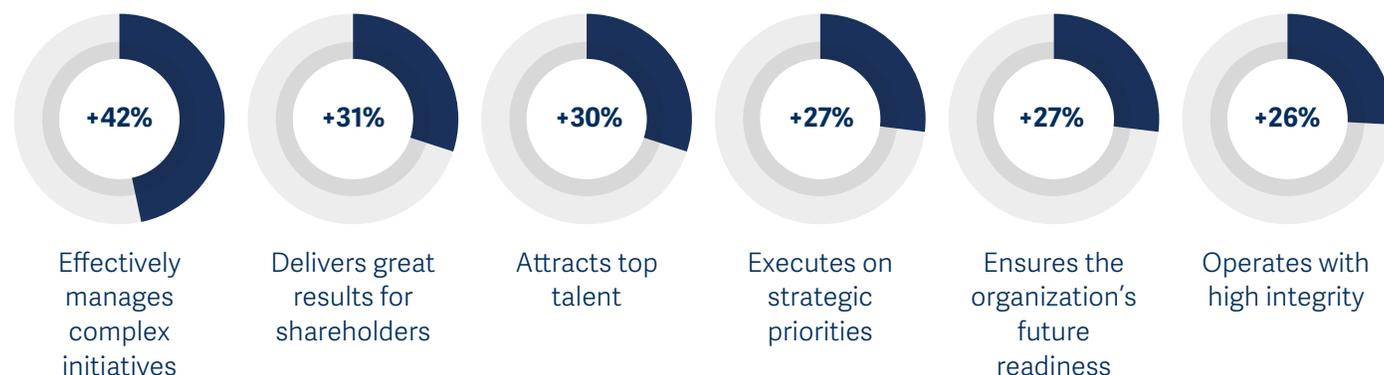
Members of high-performing top teams have respect for each other and know how to work together—but most importantly, they know why they are working together. They have a defined team purpose directly aligned with achievement of the organization's goals and know how to challenge and support each other in reaching them.

In our study of more than 1000 CEOs and CxOs, we asked CEOs to rate their teams on a variety of dimensions using a 7-point scale, and we then split those responses into two categories: CEOs who felt their executive teams were high-performing and those who did not.

Unsurprisingly, high-performing top teams score better than other teams across nearly every category. They particularly excel in six critical categories, reflected by CEO scores that are 30 percent higher, on average, than those for other teams.

HIGH PERFORMING TOP TEAMS EXCEL BY AN AVERAGE 30 PERCENT

Difference in Scores for High-Performing Top Teams vs Others



Source: Russell Reynolds Associates 2018 survey of global C-suite executives. survey of 1070 C-suite executives; n=357 CEOs

The fact that high-performing teams stand out on both financial outcomes and cultural metrics underscores the wide range of benefits that come with a top team operating at its highest level.

Balancing tension to drive high performance

Though the hallmarks of a high-performing top team might seem straightforward, the fact that 45 percent of CEOs and C-suite members do not consider their teams to be in this category suggests that excellence is often elusive. One reason: looking at success factors in isolation does not fully capture the unique trade-offs the top team must make. To be effective, top teams must learn to simultaneously manage a number of competing priorities, as well as the tensions that each trade-off creates.

Currently, there are few resources available to address the specific challenges and needs of top teams. Research studies and senior team performance models tend to take a broader view of teamwork, without taking into account the complex and multidimensional work of the CEO and C-suite. As a result, many organizations fail to make this crucial distinction as well, instead applying generic team frameworks and interventions to solve problems within their top teams.

To close this gap, we created a model—Productive Tensions for Top Teams—that captures the four essential trade-offs top teams must navigate, as well as tools to measure where a team currently stands within each set. Unlike many other team approaches, this model is specifically designed to address the unique needs of the top team, with specialized consideration for the CEO's distinct role in leading the group. It also takes into account the organization's market, industry and strategic priorities, making it adaptable to any business context. These elements allow a CEO to create a top team dynamic that fits an organization's current strategy and then evolve it over time as priorities change.

PRODUCTIVE TENSIONS FOR TOP TEAMS



THE FOUR KEY TENSIONS ARE:

- **Adaptability:** The top team balances the creation of new growth opportunities or business models while simultaneously focusing on continuous improvement and incremental innovations on existing products and services
- **Perspective:** The top team drives the organization towards a long-term and sustainable competitive advantage in the market while continuing to win in the current environment and deliver near-term value
- **Atmosphere:** Executive leaders capitalize on the dynamics of the top team through trust, collaboration and conflict resolution while harnessing ambitions, perspectives, and competitive spirit to drive enterprise-wide outcomes
- **Team Leader:** Specific to the CEO, this category focuses on self-awareness regarding her or his leadership capabilities and approaches, and ability to flex to the team's context and needs while also maintaining decisiveness to influence the team's performance

While the tensions remain constant across organizations and over time, it is important to note that the ideal balance will look different for every top team and may change over time. Similar to our Leadership Span (TM) approach for assessing and developing leaders¹, a key tenet of Productive Tensions is that there is no static definition of a good top team. Instead, top teams face an obligation to constantly recalibrate priorities as organizational and market conditions change. For example, an organization in need of a turnaround may require strong, directive leadership with an emphasis on innovation and short term wins; others may need exactly the opposite. There is no one right way, but rather each top team will need to find the equilibrium that best serves its current strategic goals.

Acknowledging the organization's current context and shifting these core tensions accordingly are the first steps towards authentic and effective teamwork among top teams. For an in-depth understanding of team dynamics, we partner with Hogan Assessment Systems to provide best-in-class psychometric assessments that create a composite view of the team's personality traits. Using these and other methods, organizations can understand where the top team as a whole currently stands across these tensions, and how the CEO's interaction with the top team might be hindering or enabling performance.

The Productive Tensions model then provides leaders with a framework to design a path forward. This consists of determining the optimal balance of these tensions, as well as which interventions will help achieve that balance. Ultimately, the top team will be able to move toward a clearly defined state of alignment, tightening the gap between strategy and execution. And since the model is linked to strategy, it requires the team to continually recalibrate team goals, dynamics and norms to sustain performance over time, rather than setting static performance goals that may become stale as the company evolves.

In brief, the model unlocks the potential of organizations to better understand and leverage their top leadership teams, and ultimately to formulate and drive strategic objectives forward.

1. Leadership Span(TM) is a framework that Russell Reynolds Associates developed in partnership with Hogan Assessments to describe how successful leaders master four sets of seemingly dichotomous traits. Our research shows that leaders who can move across them to meet changing circumstances tend to be high-level, long-term performers.

PRODUCTIVE TENSIONS IN ACTION

We recently worked with a fast-moving European consumer goods company that was experiencing significant challenges in some markets. The organization was in need of a strategic transformation to find its place in the growing health and wellness segment – and wanted to fully develop top team relationships to maximize the transformation's potential.

OUR ASSESSMENT: LOW TRUST, HIGH SILOS

Our initial assessment of the top team revealed trust was low, and silos were high. Team members openly acknowledged they lacked a shared purpose and instead cultivated an individualistic approach that did not draw on the best of the collective. They equally acknowledged there was much to be gained from embracing a united front as they focused on the future. From a leadership perspective, the CEO had typically taken a hands-on approach to solving top team dynamics, but was committed to galvanizing the team to reach its full potential through building relationships with each other.

THE PATH FORWARD: EMBRACE INNOVATION, PRIORITIZE THE LONG TERM

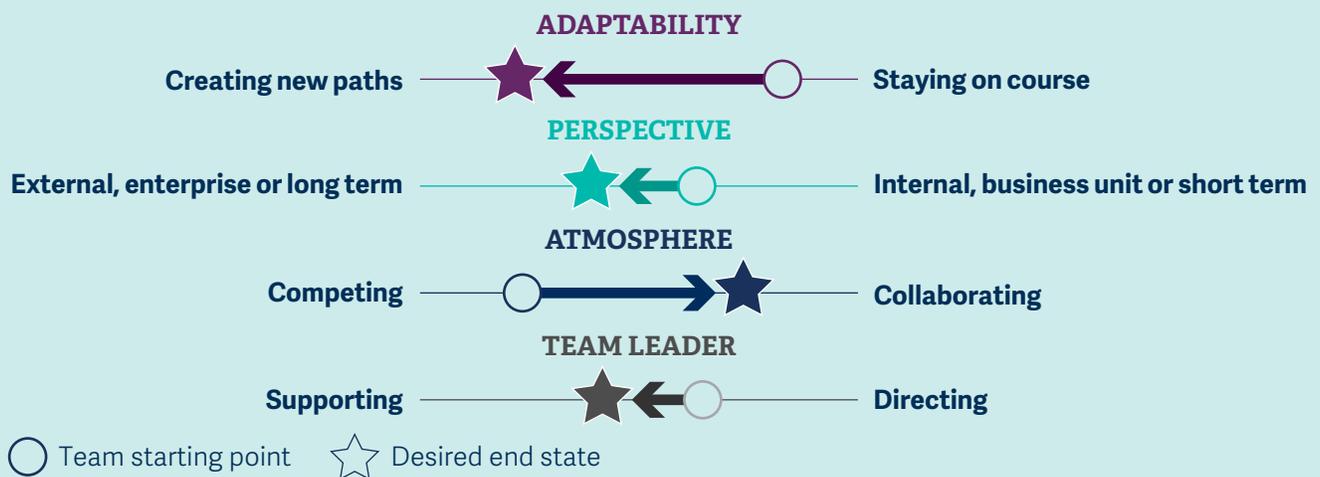
To reach the organization's goal of transforming its strategy and its culture, the new CEO would have to push the team to embrace innovation and create new paths in order to reinvent itself for new market categories. Alignment between the corporate centre and business leaders in regional markets would be crucial to success here; if regional leaders resisted innovation, it would be a problem for the whole company.

The team's short-term perspective would also need to evolve to bolster the strategic shift to long-term transformation. In terms of atmosphere, the team would need to dampen unhelpful competition among its members and enhance collaboration.

For the CEO, a key goal would be to step back slightly while still supporting and empowering the team. One move in this direction involved providing coaching for each top team member to give them the tools to work together more effectively.

While this organization is still in the transformation process, it is moving along the spectrum of tensions toward a balance that is more compatible with its strategy.

PRODUCTIVE TENSIONS: FROM CONFLICT TO TRANSFORMATION



Creating value where it is needed most

The top team is where teamwork is most essential in an organization, and paradoxically, also the most challenging. Composed of ambitious, high-achieving individuals who face extraordinary expectations, top teams have much to gain from investing in their own group performance but often lack the right frameworks and tools to make the investment worthwhile. They also lack clarity about how the trade-offs they make every day affect their capacity to execute on strategic plans.

As complexity rises, the ability to wisely and proactively manage competing priorities becomes even more critical. To adapt quickly to external shocks, top teams need a clear picture of the trade-offs they are currently making so that they can properly calibrate their reactions when conditions change. Equally important, CEOs need an objective perspective on how their current leadership approach influences team dynamics, and how it may need to evolve to meet new challenges.

While team transformation is always a unique journey, the Productive Tensions for Top Teams model gives leaders a new lens on the current effectiveness of team dynamics as well as a starting point to design a path toward alignment. Ultimately, with time, focus and the right interventions, better team alignment leads to greater efficiency and adaptability—and with it, better business outcomes.

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About Russell Reynolds Associates

Russell Reynolds Associates is a global leadership advisory and search firm. Our 470+ consultants in 46 offices work with public, private and nonprofit organizations across all industries and regions. We help our clients build teams of transformational leaders who can meet today's challenges and anticipate the digital, economic and political trends that are reshaping the global business environment. From helping boards with their structure, culture and effectiveness to identifying, assessing and defining the best leadership for organizations, our teams bring their decades of expertise to help clients address their most complex leadership issues. We exist to improve the way the world is led.

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