

Dattner Consulting, LLC

Virtual Teams

Virtual Teams - Agenda

Definition

Characteristics

Importance

Opportunities of Virtual Teams

Challenges of Virtual Teams

Implementation

OD Interventions

Conclusion

Definition

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“A virtual team works across space, time, and organizational boundaries with links strengthened by webs of communication technologies.”

(Lipnack, J. & Stamps, J. [1997]. *Virtual teams reaching across space, time, and organizations with technology*. New York: John Wiley & Sons, Inc.)

Definition

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Types:

Virtual teams might be used in different circumstances and situations:

- Task forces: teams that are formed for a specific project.
- Long term teams: teams that work on a more permanent basis.

Characteristics

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- Geographically and often temporally distributed
- Often inter-organizational
- Work together by means of information technology
- Often set up as temporary structures: membership is fluid and evolves according to changing task requirements
- Team members often work in different functional areas
- Team members possess relevant knowledge in areas of expertise
- Team members need to collaborate to accomplish tasks

Importance

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Why are virtual teams so popular?

- Globalization:
 - Highly competitive and dynamic environment
 - Rising customer expectations: “bigger, better, faster”
 - “Need to do more with less”
- The availability of technology, the possibility to connectivity, collaboration and communication via:
 - Internet, intranet
 - Email, instant messaging
 - Electronic groupware
 - Audio and videoconferencing

Why are virtual teams so popular?

- Downsized and lean organizations
- Process- and project-oriented structures
- Geographical dispersion of essential employees
- Team-oriented structures
- Flatter hierarchies, more partnership-based organizations
- Increase in teleworking: approximately 50% of the U.S. work force work from home at least some of the time or from customer locations (Harris Interactive)

Opportunities

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Virtual teaming

- Allows employees to be located anywhere in the world:
 - Allows firms to expand their potential labor markets, giving access to previously unavailable expertise and enabling them to hire and retain the best people regardless of their physical location (Cascio, 2000)
 - Saves organizations time and travel expenses (Cascio, 2000)
 - Often allows team members to work from home (Katzenbach & Smith, 2001)
- Increases flexibility and responsiveness:
 - Virtual teams can rapidly be formed by dispersed experts and redeployed or disbanded (Potter, Cook & Balthazar, 2000)
 - Employees can be assigned to multiple, concurrent teams (Cascio, 2000)
 - Dynamic team membership allows people to move from one project to another (Cascio, 2000)

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Virtual teaming

- Enables better resource utilization:
 - Because of the time differences between different locations, the organization may gain the benefit of a 24-hour shift though members would only work an eight-hour day. (Willmore, 2000)
 - By organizing the work in the correct sequence, one team may continue the work as it is left at the end of the other team's workday.
- Enhances global competitiveness:
 - By working with and presenting a local presence to a company's global clients
 - Team communications and work reports are available online to facilitate swift responses to the demands of a global market (Cascio, 2000)

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Research has shown that virtual teams can outperform face-to-face teams:

- Virtual teams using groupware generate more ideas in brainstorming sessions than the same participants working face-to-face
- Virtual interaction seems to be effective at reducing various kinds of discrimination within team members. With visual stimuli removed, the focus is more on content and less on the person generating the content (Willmore, 2000)
- Dysfunctional team behaviors such as dominating, interrupting, arriving late, and carrying on side conversations are less frequent.
- Advantageous for individual from foreign countries or shy individuals who are apt to be more comfortable and productive in virtual teams
- Allows physically challenged people, retired individuals and those with child or eldercare obligations to contribute to companies looking for the most knowledgeable team members possible (Hagen, 1998)

Opportunities - Best Practices

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- **Motorola:**

Multiple teams are working together from different parts of the globe on a single product
- **IBM:**
 - Internal studies show an increased productivity of 15 to 40% for teleworking employees.
 - Saves 40-60% per site of real estate expenses through virtual workplaces
- Other companies deploying virtual teams include Ericsson, HP, Honeywell, GE, DaimlerChrysler, and Oracle

Challenges

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Building trust and relationships:

- Issues of trust because traditional social control based on authority gives way to self-direction and self-control (Cascio, 2000)
- Because exchanging information is more difficult, virtual teams tend to be more task-oriented and exchange less social-emotional information, slowing the development of relational links which have been shown to be important for motivation, morale, decision-making and creativity.
- Studies show that collaboration technologies hinder the development of a strong sense of cohesion and satisfaction with the group's interaction process.

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Computer-mediated communication methods impose constraints on communication that are likely to affect a group's performance:

- Lack of physical interaction with its associated verbal and nonverbal cues reduces the richness of the information transmitted by virtual team members and the synergies that often accompany face-to-face communication
- Virtual teams need more time due to asynchronous communication media ("turnaround time")

Building shared purposes, charter, protocol:

- Defining rules of conduct, assigning roles, agreeing on communication methods

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Developing norms of accountability:

- It may be more difficult to establish impactful accountability in the absence of in person social cues

Culture clashes and cultural awareness:

- Multinational enterprises increasingly use cross-cultural teams which can bring communication problems.
- Since team members may not even be members of the same organization or may be members of independent divisions of the same organization, organizational cultures of the team members may be very different.

Virtual teams have less effective performance and communication, and take longer to complete tasks than face-to-face teams

Implementation: Six Key Issues

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- Goals and objectives
- Leadership and team member roles
- Communication
- Trust
- Shared values, team, and organizational process
- Reward and performance measures

Bal, J. & Teo, P.K. (2001). Implementing virtual teamworking: Part 2 - a literature review. *Logistics Information Management*; 14,3.)

Implementation: Six Key Issues

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Goals and objectives:

- Due to the lack of bureaucratic rules and regulations, it is essential to have clear goals and objectives, which
 - Must be clearly defined in the early state of working together
 - Must be aligned with corporate strategy
- Charter, mission, vision, and goals and objectives must provide direction to a team and help them stay in tune and aligned (Henry & Hartzler, 1998; Haywood, 1998)
- Lack of physical contact may “make the link between charter and work more tenuous” (Duarte & Snyder, 1999).
- The clarity of purpose and the participatory process by which the group achieves is “the best predictor” of virtual team success (Lipnack & Stamps, 1997)

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Leadership and team member roles:

- The role of virtual team leader is more demanding than conventional team leaders experiencing unique challenges
- It means to exert influence with little social control

It is therefore important to:

- Clearly define team member roles and responsibilities (Fisher & Fisher, 1997)
- Establish protocols
- Share leadership: leadership shifts to a team member who has the expertise to deal with specific problems (Duarte & Snyder, 1999)
- Shift to a results-oriented management style

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It is important for leadership and team member roles to:

- Provide team with sufficient and equal resources, i.e. technology
- Design a performance appraisal system that reflects the team's accountability and which gives credit to individuals for special contributions
- Provide management support and facilitate face-to-face meetings
- Virtual teams should be self-directing to a significant degree (Lipnack & Stamps, 1997): the ability to play multiple roles, greater clarity of roles and role flexibility are essential in virtual teams

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Competencies for virtual team members: (Duarte & Snyder, 1999):

- Adaptability and Flexibility
- Project management skills
- Networking
- Use of technology
- Self-management
- Boundary management (understanding and sensitiveness to cultural differences)
- Interpersonal skills

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Further personality characteristics that should be considered when choosing team members:

- Comfort in working in dispersed environments
- Patience, persistence and perseverance
- Tolerance, flexibility
- Introverts may be especially adept

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Communication

- “Collaboration is born in the ability of a group to dialogue with sufficient depth and opportunity to establish trust and open communication” (Dyer, 1995)
- Importance of communication in building relationships: communication is “a process of developing relationship” (Lipnack & Stamps, 1997)

but:

- Communication in virtual teams is likely to be less effective than in traditional teams (Duarte & Snyder, 1995)
- The total amount of information exchange in virtual teams is less than that in face-to-face groups (Hightower et al, 1998)

Implementation: Six Key Issues

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Key principles for effective distance communication:

- Two-way communication and standards for availability and acknowledgement (Henry & Hartzler, 1998; Haywood, 1998)
- Use of multiple media or communication technologies to enhance communication and the development of relationships (Lipnack & Stamps, 1997)
- Choice of ideal technology depends on the type of task (Duarte & Snyder, 1999: task/communication matrix)
- Compatible hardware and software, equal ability to access shared resources and communication information to the team (Haywood, 1999)
- Face-to-face communication is irreplaceable, i.e. for sensitive negotiations
- Enhancing Cross- Culture communication

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Trust and building relationships:

- “Trust develops through frequent and meaningful interaction, where individuals learn to feel comfortable and open in sharing their individual insights and concerns where ideas and assumptions can be challenged without fear or risk of repercussion and where diversity of opinion is valued over commonality and compliance.” (Holton, 2001)
- 3 trust-building factors, which must exist consistently to maintain a high level of trust in virtual teams (Duarte & Snyder, 1999):
 - performance and competence
 - Integrity
 - concern for the well-being of others
- Trust also means the ability to predict the other team member’s behavior and commitment, and trust affects the performance and is essential to building a healthy virtual team

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Trust has to be built before a new team can start working

- Facilitate informal face-to-face contact early in the project life cycle, messaging, sharing of stories and perspectives
- Arrange face-to-face meetings regularly and for important issues, i.e for personnel changes, sensitive subjects (Haywood, 1998)
- Virtual teams should be given sufficient time to develop the same level of relational links as face-to-face groups
- The use of synchronous communication tends to take a shorter time to build relationships (Haywood, 1998)

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Shared values, team, and organizational process:

- Values, beliefs and operating agreements help the team work effectively by providing a guide to follow and facilitating team processes
- Help minimize misunderstandings typically associated with group interaction and eliminate the wasted time for reinvention of operating practices
- Provide a common vision of how team members will interact and how they should treat each other so that they establish a common expectation for team member behavior

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Agreed-upon values and organizational and team processes should include:

- Use of common methodologies for problem-solving and decision-making (Henry & Hartzler, 1998)
- Process for prioritization of work
- How to run meetings, meeting deadlines
- Specific roles and responsibilities, expectations around communications (Henry & Hartzler, 1998)
- Duarte & Snyder (1999) suggest a organization-wide standardization which should include: definitions of requirements; estimates of costs; procurement; team charters; project planning; documentation; reporting; and controlling

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Reward and performance measures:

- Most companies do not have any specific compensation and benefits system for virtual teams, using the same as for the rest of the organization. (Duarte & Snyder, 1999)
- There can be difficulties when team members are from different organizations with different compensations structures
- Redesign performance measures and reward systems specifically for virtual team members
- “Unifying purpose with shared rewards” (Lipnack & Stamps, 1997) : shared rewards increase team accountability and trust in the other member’s commitment.

OD Interventions

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Team members are often brought together from different locations, functional areas and cultural perspectives.

Team Building Interventions:

- Provide formal training and coaching of virtual team members about
 - Establishing norms for group interaction, guidelines
 - Cultural differences, developing cultural understanding, cross-cultural awareness
 - Developing relational links by establishing group status of members
 - Defining task roles of group members

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Goal setting, performance management and appraisal systems:

- Emphasis on team contribution: team accountability put in individual performance appraisals
- Performance appraisal systems which put greater weight on team contribution rather than just individual performance help establish norms for group interaction and guidelines

Coaching and Mentoring:

- Facilitating team building, problem-solving
- Developing skills in virtual time management and networking

Communication and Management training

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Examples of ways in which companies ensure team effectiveness:

- AT & T: equip all remote workers with office furniture, computing equipment and high speed phones.
- HP: developed a mandatory management training for managers of virtual teams. The course provides techniques for evaluation, team meetings guidelines and more.
- IBM: Designed a training program for all virtual team members based on a survey.
- Merrill Lynch: Offers formal training programs that include simulation exercises and technology training.

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- Virtual teams realize a new concept of work: “working anywhere, anytime, and with anyone”.
- Virtual teams offer many opportunities and are an inescapable trend.
- The challenges stem largely from the physical separation of team members: communication and relationship-building is constrained by technical and cultural boundaries and are likely to affect a group’s performance.
- OD interventions can help in minimizing and even preventing the development of dysfunctional dynamics.

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