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To Make Virtual Teams Succeed, Pick the Right Players

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Setting up small, high-performing virtual teams has enormous potential for companies to increase sales, penetrate new markets, improve business processes and come up with the next generation of disruptive innovations. But putting together a great team is tricky.

Part of the problem is that teams—both the virtual and co-located types—are often thrown together without much thought or planning.

At a large, multinational manufacturing company Ferrazzi Greenlight recently worked with, a virtual team was formed to deal with the company's complex interdependent businesses. The goal was to optimize decision-making all along the value chain and boost earnings by tens of millions of dollars.

But when we looked under the covers it was clear not enough thought had gone into selecting members. The team was huge—more than 30 people—with a mixture of business, manufacturing, and commercial leaders, some of whom reported to each other. Many who were selected (seemingly because of seniority) lacked the deep technical knowledge vital for optimization decisions. By the time we were asked to help, members openly acknowledged that the team was in disarray and its decisions had failed to boost earnings as expected.

As the manufacturer discovered, getting team composition right is critical. That's especially true for virtual teams, which are more autonomous than co-located teams. Leaders of virtual teams must work harder to develop trust and rapport among team members who lack the frequent informal exchanges and visual and body language cues of co-located teams—vital feedback mechanisms that help keep team members' efforts aligned.

The manufacturing company is not alone. In many companies, teams seem to come together out of nowhere, grabbing any available resource, operating without adequate planning, and then fail to gel. Months or even years later, senior executives have to face the unpalatable truth: the virtual team that was put together to slash costs is not only dysfunctional, it was a drain on your bottom line.

These problems generally originate at the beginning of the process, when the team is put together. That's why it's important to focus on team composition—the size and structure of the team, as well as the skills members bring to the team, including interpersonal skills. These attributes are among the most important predictors of team success.

Small is Beautiful: In my experience working with everything from iconic multinational companies to tiny start-ups, the best virtual team is a small one—under 10 people. Four or five is ideal.

Small is better in part because relatively minor coordination and communication challenges grow exponentially as a virtual team grows. Do the interpersonal math! Inevitably, someone (or a subgroup) feels left out of the loop. Few things erode trust faster than being left out of important communication.

Where input from a wide range of people with expertise in different areas is needed, there's a strong temptation to put together a virtual team that's too large. Keeping the core team small while advisory groups gave input on an as-needed basis was more likely to be successful.

Don't make the mistake of including honorary team members. And team membership shouldn't be voluntary or outside the normal job. It *is* the job. Teams with a lot of members who have no real stake in the team's success almost invariably fail.

Get the Structure Right: When virtual teams come together from a range of functions—say, finance, operations, HR and IT to work on a cost-management initiative—problems tend to arise from a lack of accountability. Leaders may lack formal authority over all members of such a matrixed team, making it difficult to hold them accountable.

I see this a lot, especially in large firms. Virtual teams members are frequently not evaluated on their contributions to the team or on successful collaboration, but rather on their performance within the line of business they

represent. This sets up an automatic disincentive to collaborate and has the potential to derail important and innovative virtual team initiatives.

The important takeaway is that leaders of a cross-functional virtual team need to establish clear lines of accountability and uniform performance measures at the outset.

Virtual Work Isn't for Everyone: Red Giant, a company that develops video special effects software, has gone from being two guys with an idea 10 years ago to a leader in its field by adopting a “no backup plan” mentality. They define the goals for each project, put together small virtual teams and—here’s the big one—give them the responsibility for the success of the project. Each team member shares a piece of that responsibility. “There is no Plan B,” says Micah Sharp, GM of Red Giant, “It’s us.”

Despite the company’s rapid growth, they don’t make team staffing decisions quickly. “We like to date a lot first,” says Sharp, of the 50-person company, 36 of whom work virtually. Micah recognizes that not everybody is suited to virtual work. He says it takes entrepreneurial spirit and initiative as well as technical skills to thrive as a remote worker.

What does it take to succeed as a virtual worker?

Research by OnPoint Consulting confirms that successful virtual employees need to be more self-sufficient than co-located counterparts who can more easily turn to others. Successful virtual team members also tolerate ambiguity better than other employees—everything from that terse email from the boss that might be taken negatively to not knowing project details as quickly as co-located workers.

Virtual workers need to have excellent communication skills. They have to express themselves well and update project documents quickly and consistently. Distance and time lags are an inevitable downside of working remotely. Virtual employees need to be hyper-vigilant about communicating with everyone else on the team. There’s no room for personality conflicts or information hoarding.

Virtual team workers also need to be more resilient than the average employee. But leaders can’t forget that they have the same need as other employees to feel a sense of purpose in the work they do, and to feel connected to others within the organization. Interestingly, Gallup’s work says a strong predictor of an employee’s productivity is whether they have a best friend at work (<http://businessjournal.gallup.com/content/25834/Discovering-the-Elements-of-Great-Managing.aspx#3>). Carefully chosen, small teams of self-directed people who engage with each other deeply are the keys to creating high-performing virtual teams.