

Leadership Teams: characteristics and types

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In the collective imagination, CEOs are somehow depicted as heroes, and just like any hero they are alternatively celebrated or criticized. We sometimes pretend that we do not know that **the world we live in greatly exceeds the capacities of the individual**. It does not matter how intelligent and tireless our hero is: his shoulders are not large enough to carry the weight of the technological transition, the financial market volatility, the overwhelming quantity of decisions that must be made every day. Hence, most Chief Executive Officers (or key Executives in charge of a market, a unit, or a branch of large companies) rely on a Leadership Team, a group of Senior Leaders, to share thoughts and decisions concerning the organization.

The Leadership Team is the team of the Chief Executive Officer. It is the group of two or more executives (generally the first hierarchical line, but not necessarily) teaming with the CEO to manage the organization. The role and goals of a Leadership Team differ according to the organization.

Leadership Teams are peculiar, their way of working strongly influences the way all other teams work. We might even state that **Leadership Teams are always exemplary**. Some of their specific **characteristics** are:

- They are **cultural shapers**. Misalignment among members of a Leadership Team is reflected throughout the organizational layers, creating silos and disrupting the client experience.
- Their full buy-in is the key condition for successful **transformations**.
- They **dictate tempo** (consciously setting the rhythm of the Organization and communicate when it's time to hold, explore, discuss, act, push, etc.)
- They have direct relationships with **shareholders** and key **stakeholders**

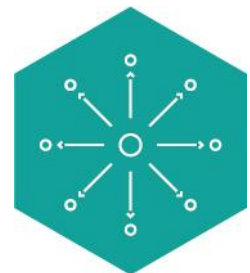


Even to implement a bottom-up culture within an organization, it is necessary to use a top-down approach to set the conditions for success. Setting these enablers should be a responsibility of the Leadership Team.

TYPES OF LEADERSHIP TEAMS

In light of the literature and our experiences with medium and large organisations in Europe, we can identify 5 different types of Leadership Team:

INFORMATIONAL TEAM: the team members share information concerning their mutual business areas and meet to listen to the CEO's directives and initiatives. The goal is to align members on strategies and priorities.



.informational

CONSULTATIVE TEAM: the team members share relevant information, confront each other, provide input and perform an advisory role regarding important strategic decisions for the CEO. Generally, conversations present a higher level of analysis compared to an Informational Team. The goal is to align members on strategies and priorities and to enable the CEO to make the best decisions.



.consultative

COORDINATING TEAM: the team members share relevant information, provide input and are advisory to the CEO and to each other. They also develop cross-functional projects and solve complexities regarding strategic issues. This model requires some shared responsibilities and regular collaborations. The goal is to enable each member to make the best decisions, to manage organisation interdependencies, to shed light on 'no man's land', and to coordinate implementation and execution. Coordinating Teams are also Informational and Consultative.



.coordinating



DECISION-MAKING TEAM: the team members collectively make important decisions for the whole organisation. The Leadership Team is still directed by the CEO, but its role almost turns into a *primus inter pares* with a strong impact on decisional processes and power dynamics. The goal is to favour organisational cultural changes and foster innovative, agile and client-oriented organisations.



This model requires that:

- For each member, the activities of the Leadership Team have the priority over other activities
- The Team operates collectively as a whole on an interdisciplinary level, even in matters that belong to only one of the Executives (unless otherwise decided)
- The same variable remuneration applies to every member and is based on common KPIs
- Each member speaks on behalf of the Team
- The CEO has the responsibility to decide how the Team operates case by case

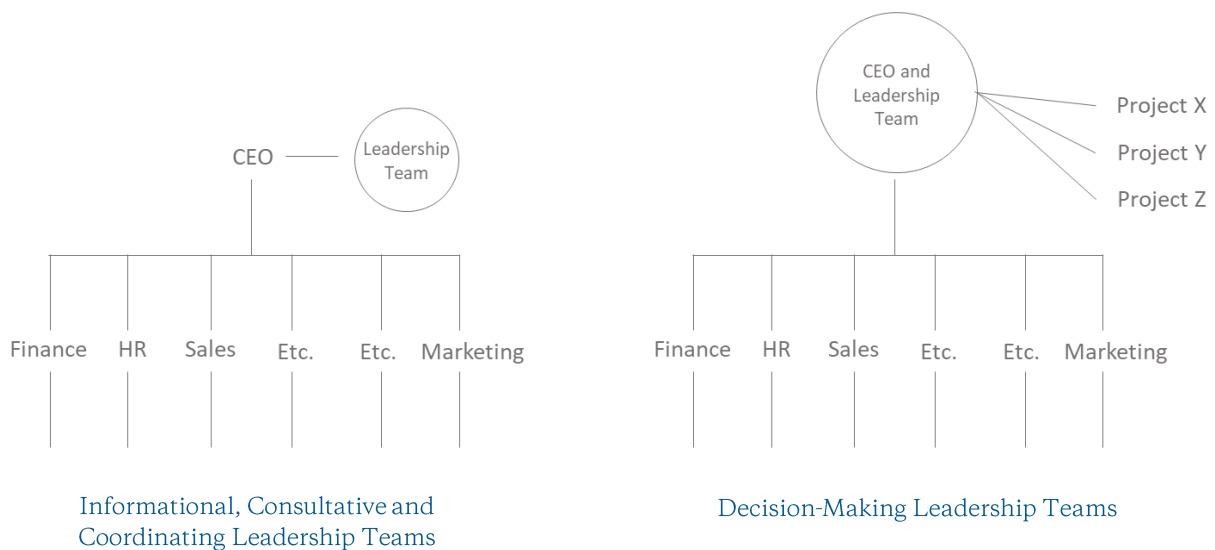


Fig.1: A new possible governance for Leadership Teams

The image on the right somewhat recalls the role of founding members in the early stages of a start-up, or the functioning mode of self-managing teams within organisations (organizations with a decentralized structure of small teams that take responsibility for their own governance and for how they interact with other parts of the organization).

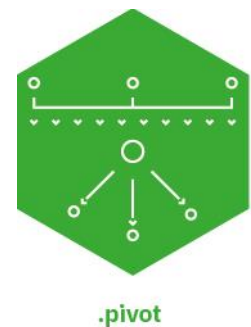
The idea is not to deprive the heads of the departments of their autonomy or their decision-making power. On the contrary, every manager remains legally responsible



for his department. **What changes is the hybridization of the original decision-making process, along with the shared empowerment regarding the implementation of the decisions being made.**

PIVOT TEAM: In very large organisations, we can consider some market, region, unit, brand or branch as self-standing companies. These entities have some common denominators:

- Interferences from the Holding or the Headquarter on vision, strategies, resources, offers, financial or ethical boundaries, etc.;
- Members of the Leadership Team might hierarchically respond to someone not part of the Team;
- CEO responding to colleagues and not to shareholders (with possible consequences on power dynamics).



Once aware of these challenges, such Leadership Teams might opt for the following functioning modes:

- To mirror the functioning of the 'Mother' Leadership Team;
- To independently decide their functioning mode among the previous four;
- To be a proper Pivot Team, focusing on implementation and execution. When the interference from above is particularly strong, the CEO plays the role of a COO (Chief Operating Officer).

WHAT IS THE BEST CHOICE?

There is no form of Leadership Team that is better than another. Everything depends on the business model, on the size and culture of the organisation, on its resources and context, on the market and, finally, on the CEO's leadership style. **Each choice has advantages but comes with a price.**

In more complex organisations, we might even see hybridized or dynamic forms of Leadership Teams, sometimes supported by dedicated thematic panels. In some organizations that are facing important transitions (e.g.: rapid growth, M&A, market disruptions, etc.), the type of Leadership Team might change with time and anticipate the evolution of the organisation (see Greiner's Model, "Evolution and revolution as organisations grow", which well describes how organisations go through different stages as they grow).



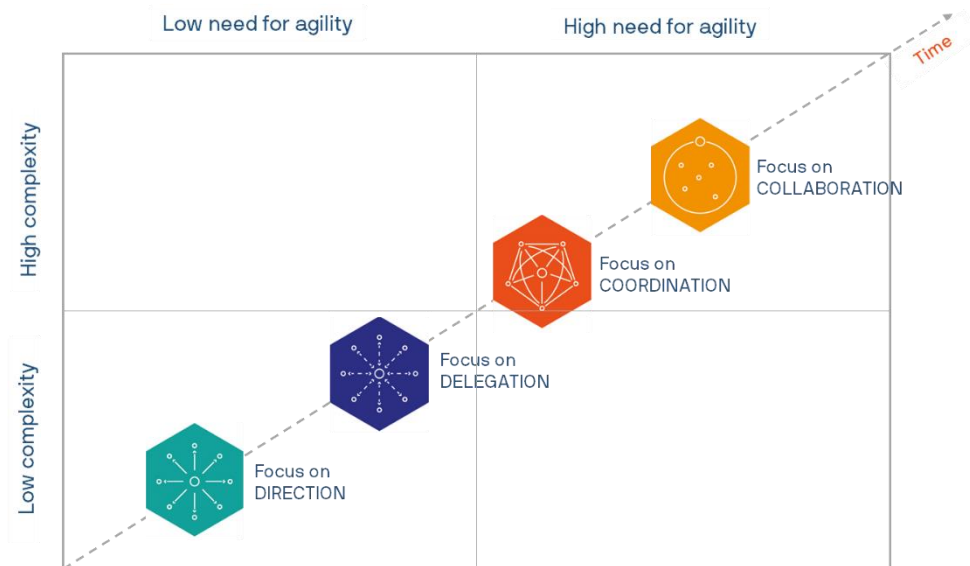


Fig. 2: The possible evolution of a Leadership Team as organizations grow

A Leadership Team can **shift its functioning mode** depending on context and needs. For example, a Consultative Leadership Team could decide to focus on collaboration (opting for a Decision-making approach) in case of strategic projects requiring a holistic way of working, with all departments and layers involved one way or another. **Focus, speed, complexity, need for agility and sensitivity** of the subject are some of the **criteria** to properly choose the most suitable functioning mode. In the light of these criteria, it's the CEO's responsibility to indicate the appropriate Leadership Team functioning mode and the related decision-making process. Practically, the CEO should make the **decision-making process explicit** and transparent indicating on a case-by-case basis how the Team decides (e.g. unanimity, co-creation, best person in place, dedicated panels, CEO decides after consultation, etc.).

THE CHALLENGE

Forming an efficient team is equally difficult at every level and in every field, from business to sport. It is possible to identify some of the most frequent obstacles to the proper functioning of a Leadership Team:

- Believing that individual expertise is enough for effectively serving the Leadership Team
- Contradictory or competing goals (or KPIs) among members
- Serving the interests of one's own department for obtaining better visibility and budget rather than being a proper teammate
- Misunderstanding the role and considering the activity of the Leadership Team as a distraction from the management of one's own department



- Confused, unsuitable or inconsistent Governance (that often reflects distrust among shareholders)
- Members of the Leadership Team are appointed by the shareholders

Whatever the case, we can easily state that **forming the appropriate Leadership Team in terms of people and functioning is one of the CEO's inalienable responsibilities. It is probably one of the first tasks a CEO should accomplish as soon as they are appointed.** Often underestimated, the impact of these decisions will be felt for long.

LEADERSHIP TEAM	KEY CHARACTERISTIC	DECISION MAKING PROCESS	FOCUS
Informational 	Top-down information sharing Alignment on strategies and priorities	CEO takes all decisions	Focus on direction
Consultative 	Information sharing Alignment on strategies and priorities Improve CEO's decision making	CEO decides after consultation CEO delegates to the best person in place to take final decision	Focus on direction
Coordinating 	Information sharing Alignment on strategies and priorities Improve member's decision making Coordinate implementation and execution Manage interdependencies	Members decide on their own subjects. CEO decides after consultation	Focus on autonomy and alignment
Decision-making 	Information sharing Alignment on strategies and priorities Coordinate implementation and execution Manage interdependencies Accompany organisational cultural changes Members speak with one voice	The CEO decides how the Team decide, case by case. E.g.: - Convergence - Best person in place - Dedicated panels - CEO decides after consultation	Foster agility and innovation Accompany cultural transformations Focus on collaboration
Pivot 	Information sharing Alignment on strategies and priorities Alignment on implementation and execution Stakeholders' expectations management		Focus on implementation and execution

Fig.3: Types of Leadership Team

