"The Hidden Profitability of Team Dynamics"
by Julia Hayhoe and Dr. Larry Richard
Hildebrandt International

Relying on groups and teams is a competitive imperative in law firms today. Numerous trends are driving this phenomenon:

- Increasing differentiation by clients between their law firms on the basis of which firms can work well across practices and offices as teams to deliver an integrated service;
- Increasing complexity of legal work today has necessitated more frequent collaboration, resource-sharing, and true teamwork;
- Increasing formal team-based activity within law firms, ranging from Client and Industry Teams, through Compensation and Management teams;
- More firms are moving from a "loose collection of solo's" model to a "one firm" model and the heart of this model is teamwork.

This growth in the use of teams has led many firms to the realization that effective teamwork doesn't just happen by chance. In fact, if left to chance, certain team dynamics can occur which can lead teams to become dysfunctional and increasingly unproductive, which in turn can ultimately discourage the use of teams within a firm.

For example, growth alone causes a natural deterioration of workgroup effectiveness. As workgroups grow in size, group members naturally have a harder time agreeing on goals, gaining mutual commitment, and communicating effectively.

The plain and simple truth is that small groups—5 to 12 people ideally—function better. They get results. Does that mean you're out of luck if you have a 250-person Litigation practice group? Not necessarily. But it does mean that you should definitely learn more about the group dynamics principals that might be holding you back from excellence, and what you can do to exert more control.

Another important aspect of group dynamics is the innate tendency of people working in groups to take their time to build up enough interpersonal trust in other group members—*even if they're people you already know*—before people truly begin working in a collaborative, team-first way. In other words, a workgroup naturally evolves through a series of developmental stages, and early-stage groups are far less efficient and productive than mature groups. As a result, high levels of performance and true group "synergy" are only likely to emerge in those groups whose leaders—and members—understand these developmental principles.

In fact, ample evidence shows that groups—and even entire law firms—that understand and adroitly apply the psychological principles that lie behind true teamwork enjoy some notable payoffs:

- Teams make better decisions than individuals

- Teams share resources more willingly and efficiently

- Teams deliver a better product or service to the client

- Teams pay attention to details that might otherwise fall through the cracks

- Teams are more creative than individuals

- Teams have lower turnover

- *And in the end, teams are more productive – and more profitable – than individuals working alone.*

So what can be done to turn a bunch of individuals into a team? Empirical research in the field of group dynamics provides the answer. In this article, we'll outline for you the basic principles that govern team behavior, and show you which ones are within your control as a leader, or within the control of the members of a group.

First, the main "engine" that produces sustained teamwork is a combination of clear goals, roles and responsibilities and continual feedback to the group about how they're doing. Of these, establishing clear goals is by far the most important. In fact, the healthiest groups actually go through three or more separate attempts to define their goals, each attempt taking place at a different point in the chronological evolution of the members from individuals to a group and finally to a true team.

More important, not just any goal will do. Goals that drive teamwork tend to have three important characteristics:

1. The goals should require collective action—they target outcomes that no one individual could achieve on his or her own. Goals that require us to act in concert tend to mobilize people. For example, if we want every partner in the practice group to increase billings by 10%, that is not a goal that requires collective action. Each partner can work on his or her own cases and contribute to the goal without ever exhibiting team behavior. By contrast, a client team that puts together a complex educational or social event to which 200 members of a client company are invited, for example, necessarily demands teamwork and collaboration or the event simply won't happen. It's more than one person alone can accomplish.

2. The goals must be meaningful (and even inspiring). Goals that touch people's passions are far more powerful and likely to mobilize members, compared to cerebral goals that make logical sense but don't inspire. The most effective teams have an emotional commitment to the team goal, just like athletes in a team sport do. Don't think for a moment that this is unattainable in the practice of law—more and more firms today are discovering that "stretch" goals can energize a group of lawyers.

3. The goals should have a specific, measurable outcome. Goals that aim at a specific date to achieve one of their milestones, for example, are more likely to mobilize members than simple "ongoing" goals. An example of each:

   Measureable: By January 1st of next year, we will have been named one of the top ten firms in client service in an AmLaw survey.

   Not Measurable: We will become the "pre-eminent" health care practice group. (When? By what measure? In what area? etc.)

Second, when people work together, it takes time for them to develop into a team. There are certain inevitable milestones that any workgroup must transition through, just as individual human beings develop over time from infants to children to adolescents to adults.

You can think of a workgroup as if it were an independent living organism, with its own goals, needs, and developmental life cycle.

The group life cycle – which culminates in true teamwork – takes a minimum of approximately six months for the average workgroup to transition through, when they meet together regularly on a face-to-face basis. However, workgroups in law firms rarely meet face-to-face with all their members present, and they usually transition through the cycle at a slower pace.

Conceptually, this developmental life cycle consists of four stages. All groups go through these stages in one fashion or another. Noted organizational psychologist Bruce Tuckman came up with the following nomenclature for these four stages:

> ➢ Stage 1: Forming
> ➢ Stage 2: Storming
> ➢ Stage 3: Norming
> ➢ Stage 4: Performing

Dr. Susan Wheelan, a professor of psychology at Temple University, and a leading researcher and theorist on group dynamics, uses a more revealing set of labels based on the psychological tasks that the group faces at each stage:

> ➢ Stage 1: Dependence and Inclusion
> ➢ Stage 2: Counterdependency and Fight
> ➢ Stage 3: Trust and Structure (Goals and Roles)
> ➢ Stage 4: Productivity and Work

We have worked with firms to help groups navigate these stages since in practice some group dynamics principles can be counter-intuitive. As a result, a person unschooled in these principles can inadvertently make poor choices in either leading a team or being a productive member of a team. For example, any time a group of people come together for the first time for a work purpose, psychologically they will start at Stage 1 (Forming). They will generally behave in a tentative and polite way, and will not be able to devote their full mental energies to the work of the group. Until you gain a sense of familiarity with who's in the group, how things work, and what your role is, it's unlikely that you'll take many risks.

In the early stages of a workgroup, group members face a number of psychological issues that must be resolved before they can turn their full attention to the actual tasks of the group. Concert about these issues—conscious or unconscious—causes most group members to split their attention, with part focused on the task of the group, but an equal amount focused on issues such as the following: "Is it safe to speak my mind in this group?", "Does the leader know what s/he is doing?", "What do I have to do to be a part of this group?", "Will anything worthwhile result if I invest my time here?", etc. The greater the level of 'uncertainty' about these kinds of psychological issues, the more a group member has to turn his/her attention to these issues to reduce uncertainty and achieve a sense of equilibrium. This leaves less mental capacity to pay full attention to the actual work tasks. Thus, early in the life of a group, a leader needs to be clear, structured and directive to help answer these questions and reduce uncertainty.

However, often lawyers who are appointed group leaders to new groups do just the opposite of what is called for – they start with a highly consensual approach; they ask the group what they want to focus on; and they ignore members' requests for clarification. All of these behaviors end up increasing psychological uncertainty, not decreasing it, and nearly insure that the group will have a difficult time working together.

Even if group members already know each other, if they haven't worked together as a particular group before, the group will still begin as a Stage 1 group.

Behavior is so tentative in Stage 1, and group members play it so safe in this Stage, that very little independent thinking takes place. For this reason, it is quite common in law firms for a strategic planning process to fail when the partners are a Stage 1 group: Typically the partners will achieve perfectly pleasant, yet perfunctory, agreement on a plan, but in the ensuing months, no one implements it. The reason? The ostensible "agreement" of the partners was polite and had no emotional commitment behind it. The capacity to achieve this kind of commitment rarely emerges in a workgroup until it has reached Stage 3.

In Stage 1 most group members give up some of their autonomy and individuality in order to become a valued member of the group. But over time, the need for autonomy reasserts itself and the individual gradually gains an increased comfort operating in the group. Eventually, typically within the 6 to 8 weeks after forming, some group members will begin stating their viewpoints in a more assertive way. In this way, differences begin to emerge among group members, often around what goals the group should aim at. Many of them will seek allies who share their viewpoint in order to fortify their own views. In this fashion, factions will begin to form, and a "we vs. they" mentality may emerge. The emergence of factions generally signals a group's transition from Stage 1 (Forming) to Stage 2 (Storming). A group that has newly entered Stage 2 will devote an increasing amount of energy to staking out positions, testing to see if they can maintain their individual autonomy and still work together, and slipping into conflict with each other and the leader. The transition from Stage 1 to Stage 2 is often triggered by a discussion about what the group's goals should be.

Efforts to speed up Stage 1 are generally unsuccessful, no matter how frequently the group meets. It seems that it's just human nature to take about six to eight weeks to become familiar enough with each other to begin to assert strong differences of opinion. Poor leadership, skeptical members, infrequent face time—all can extend the length of time that a group takes to work through these Stage 2 issues.

While it may initially seem counterintuitive, the emergence of conflict in Stage 2 groups actually serves a positive purpose. Effective groups that are cohesive and lasting are groups in which the members have a high level of trust and respect for each other and in which conflict is dealt with in a healthy way. It is human nature to test the boundaries of a relationship by using conflict. If we disagree about a point, and we can still remain in relationship, then the relationship feels stronger after we make up and realize that there is room for each of us to be an individual, while at the same time being part of the group.

During Stage 2, in addition to the factional conflict described above, there is also usually some increased criticism and other forms of "attacks" on the leader. Some "dependent" group members take the leader's side and defend him or her, and some "counter-dependent" group members typically join in the attack on the leader. If you happen to be the leader of a group

during this stage, it's helpful to know that "attacks" on the leader are common and that there's a good chance that the attack is not against you personally, but rather against you in the *role* of leader. If you realize this, then you can more easily deflect the attack and guide the group into accepting their differences and agreeing to disagree. On the other hand, if you get defensive, take it personally, and start attacking the critics, you're bound to exacerbate the situation and prolong Stage 2.

Because of the high levels of conflict in Stage 2, strategic planning projects (and other change initiatives) often fail in this Stage too. Unlike Stage 1, the cause here is the inability of partners to agree on the elements of the plan. In Stage 2, the partners are all too willing to assert their differences, and if not managed well, this can doom a planning or change process.

The typical group finds the tension and conflict of Stage 2 to be awkward and uncomfortable. This discomfort propels them to resolve their conflicts, thus moving them into Stage 3 (Norming), a more mature stage during which three fundamental tasks take place. First, the members of the group begin to build a higher level of interpersonal trust among one another. Second, supported by the increasing trust, the members can now begin to agree on the group's common work goals, and third, the members can agree upon a division of labor and identify clear roles. Since trust is high, members do not protest when an important function is delegated to a small subgroup.

In a law firm, however, it is frequently the case that groups of lawyers – practice groups, client teams, committees, task forces, etc. – are so used to the adversarial model that the conflict of Stage 2 does not seem uncomfortable or out of place, and thus it is insufficient to motivate them to move out of Stage 2 and into Stage 3. Hence, many groups composed of lawyers get and stay stuck in Stage 2, devoting large amounts of energy to preserving fiefdoms, fighting, bickering, attacking managing partners or practice group leaders or committee chairs, and generally not getting along. Moreover, when conflict is high, trust is low, and these same groups have difficulty agreeing on common goals as well as in successfully delegating tasks to smaller subgroups. We are often called in to help groups work through the conflict brought about by Stage 2 tensions and navigate into the more productive Stage 3.

Finally, once a group has established high levels of trust, it then becomes possible to re-visit the "goals" discussion, only this time it is possible to gain emotional buy-in from the partners and build true commitment to those goals. It also becomes possible to assign clear roles to group members. And members often more willingly tolerate the delegation of important tasks to specific individuals at this Stage. This frees up billable time for all the other partners who, in a lower-trust environment, would have had to spend their own time making sure their interests were protected.

Once all these tasks have been mastered—overcoming the tentativeness of Stage 1 by answering members' questions, working through the natural conflict of Stage 2, and creating the structure (goals and roles) of Stage 3—a group can now turn the majority of its attention to the work of the group. This shift in a group's collective energy to "work" marks the entry into the final Stage of group dynamics, Stage 4, the "Productivity" Stage.

So, what lessons can be learned from the preceding principles that can help you manage the groups you work with in your firm?

First: Groups develop through four stages and it is not possible to short-cut these stages, as they are part of the natural life cycle that all groups go through. This also means there is likely to be a varied performance pattern throughout these stages.

Second: There are different roles that group leaders and members need to play to most effectively contribute to teamwork and move the group through the stages, ensuring that it does not become stuck in any particular stage. This also emphasizes the fact that both group leaders and group members have critical roles to play in bringing about effective teamwork.

Third: The most effective groups spend about 75% of their time on accomplishing their task (determining their goals and action steps) and the remaining 25% of their time on what organizational psychologists call "group maintenance" – behavior that helps the group "maintain" the relationships in the group (such as fostering open communication, ensuring everyone is heard, checking roles).

Fourth: In the early stages as a leader your role is to reduce levels of anxiety and uncertainty by providing direction. Seeking consensus too early on will be counter productive as it raises uncertainty levels.

Fifth: When conflict emerges recognize that it is a healthy stage of group development and avoid taking challenges personally or trying to quell the conflict.

Sixth: Watch out for when the conflict has gone on for too long – you may be stuck.

Seventh: Remember that leaders and members have different roles to play as the group develops – flexibility is key.

Eight: Stage 4 groups have high levels of trust and this produces an economic payoff for the firm. We're using this term in the sense of "a belief that others will act in my best interest". When trust is high, we can allow one or two individuals in the group to take responsibility for tasks and decisions that affect our interests; when trust is low, all the members of the group have to spend their own non-billable time protecting their interest. The extra billable time that becomes available on an ongoing basis in a high trust environment can add up to tens of thousands of dollars.

Some closing tips:

- Groups seeking to become high performing teams should regularly assess themselves to determine how far along they are in their development along the four stages. Development is full of fits and starts – a group can regress when events occur that increase uncertainty (like new people joining the group or existing members leaving.) Organizational psychologists have tools that allow groups to assess these stages of development. Take your group's "temperature" periodically.
- If you're a leader, seek feedback for yourself *and* for your group. Objective, judgment-free feedback about how well the group is moving towards its goals contributes to high performance.

Pay attention to these principles and you can harness the incredible synergy of collective action and produce a more satisfying and profitable work experience.

About the Authors:

Larry Richard, J.D., Ph.D., is a lawyer-psychologist based in the Somerset, NJ, headquarters office of Hildebrandt International. Dr. Richard heads the company's Leadership and Organization Development Practice. He is a leading expert on law firm leadership practices and group dynamics in law firms.

Julia Hayhoe is a lawyer by background and heads the Leadership and Organizational Development Practice at Hildebrandt International in London. She focuses on professional and client development, helping lawyers to adopt new ways of working to compete more effectively.

Word Count: 2971