



TEAMS



PHOTOGRAPHER DILLON MARSH

A New Social Contract for Teams

Members must commit
to new behaviors to
accelerate innovation
and growth.



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ABOUT THE ART

Dillon Marsh photographs the giant communal nests of sociable weaverbirds, which typically nest in trees but have adapted to the barren landscapes of the southern Kalahari Desert by using the utility poles that cut across their habitat.

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RIC STARKLOFF

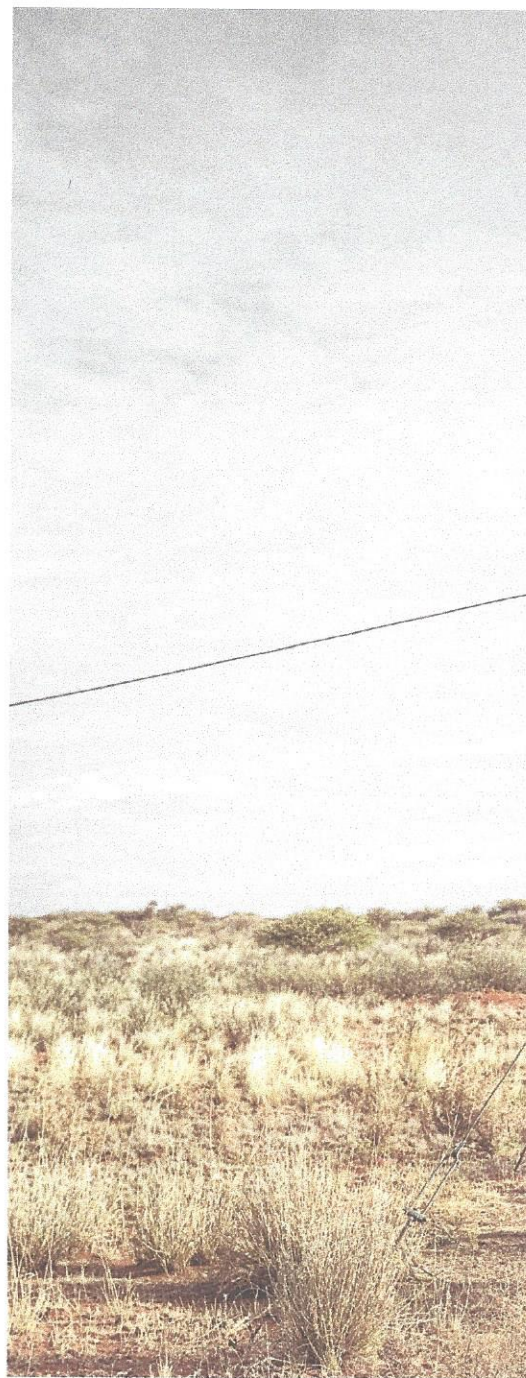
was on a mission to reinvent his company. As the incoming CEO of NI (formerly National Instruments), a Texas-based automated test and measurement engineering firm, he wanted to speed up decision-making and accelerate growth. He wanted pushback and alternative directions from his leadership team but was met with conflict avoidance. One team member recalls, “We were overly polite but not necessarily kind to one another. And people certainly didn’t speak their minds.”

It was early 2020, and Starkloff wanted the \$1.2 billion company to become more agile—to operate more like a tech firm. He believed that culture change was required. He wanted his senior leaders to understand that they didn’t always need to wait for him to make big calls. He wanted to spark collaboration and candor. And he needed to do all that virtually; the Covid-19 pandemic was about to send the team remote.

But fast-forward several months, and everything was different. The leadership team had engineered trust and created a culture of innovation and speedier decision-making. “The most tangible change is the ability to escalate and make critical business decisions faster,” Starkloff says. “The process is collaborative, so the buy-in is greater. In the past we sometimes thought that collaborative decision-making and fast decision-making were at odds. But there are techniques for achieving both.”

The plight in which Starkloff found himself is a common one. Companies have traditionally emphasized leadership competencies, not team competencies. In focusing so heavily on what it means to be a great leader, they’ve often lost sight of what it means to be a great team. It’s past time to right the imbalance—to recognize that the transformation of an organization must begin with the transformation of its teams. Leaders and team members must commit to a new social contract to escape mediocre or merely good performance, accelerate innovation, and unleash growth.

At the Greenlight Research Institute we have conducted more than a thousand diagnostic assessments of teams over two decades. We have





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IDEA IN BRIEF

THE PROBLEM

Companies have traditionally prioritized leadership competencies over team competencies. In doing so they may have hampered both innovation and growth.

THE SOLUTION

To achieve breakthrough performance, teams should commit to a new social contract that emphasizes candor, collaboration, accountability, and continual improvement.

HOW TO ACHIEVE IT

Team members can engage in collaborative problem solving; bullet-proof upcoming initiatives; use candor breaks, red-flag replays, and safe words to facilitate constructive criticism; and hold open 360s in which they take responsibility for coaching and developing one another.



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researched and coached established companies including Unilever, Hitachi, Verizon, and GM, along with a number of fast-growing start-ups and unicorns. Among our findings is that 71% of team members aren't committed to elevating one another by offering feedback on professional capabilities and business practices and performance. The same percentage don't believe that their team collaboratively engages in the most important business problems across the organization, while 74% don't agree that their team is accountable for shared goals. And 81% say that their team is not operating at anywhere near its full potential.

In this article I present a simple diagnostic for assessing your team on the critical dimensions that can ignite or inhibit superior performance. I then describe several practices designed to move members away from outdated behaviors and facilitate lasting, positive change. Although our examples involve leadership teams, these practices can be used at any level and implemented in any context—in person, fully remote, or hybrid—but are especially effective in virtual environments, which permit a broader range of collaborative practices than strictly in-person formats allow. Along the way I show how Starkloff effected a turnaround for NI's leaders and other teams across the organization. (Disclosure: Ferrazzi Greenlight worked with NI to achieve the turnaround.)

Essential Team Behaviors

Before you can change the ways in which your team members interact and operate, you need a clear view of how they are functioning right now. Too often members have an unspoken agreement to avoid conflict, stick to their individual areas of responsibility, and refrain from criticism in front of the boss. And they may be willing to take advice only from higher-ups, not recognizing the vital role of peer-to-peer feedback. All that needs to change.

The following points can serve as both a diagnostic tool and the basis of a social contract for transformation. Begin by considering the degree to which each statement reflects your team's current behavior. (For a digital version of the assessment, including scoring and proposed actions, see ReContractYourTeam.com.)

→ Our team does not avoid conflict. Members challenge one another openly and speak candidly in service of our

mission, even when it feels risky to do so or when we are outside our areas of expertise.

→ Our team does not have silos. Members collaborate and create tangible value from our interdependencies.

→ We are committed to a shared mission that acts as our North Star. We adapt and iteratively prioritize and manage competing demands to reach our goals.

→ Our team is not encumbered by hierarchy or control. All members strategically build authentic, deep relationships with external stakeholders who are critical to our success.

→ Members meet their goals and commitments. We hold one another accountable and are dedicated to doing whatever it takes to succeed together.

→ We are seekers, aware of and open about the areas in which we need to grow, and we proactively coach one another.

→ Members maintain engagement and accept responsibility for elevating one another's energy, celebrating our successes, and expressing gratitude.

→ Members are deeply committed to one another. We lead with generosity and make caring, trusting, and supportive connections.

→ Our team is achieving its full potential as it pursues breakthrough innovation and transformation.

Next discuss the results with your team. Ask: "Is this the highest performance we're capable of? Do we have the desire and the will to relinquish ways of working that don't serve us well and to contract with one another to adopt new ways drawn from these points?" Break into small groups to explore the behaviors and discuss which could make the biggest difference to team performance: Those are the ones to focus on first. Finally, reconvene the team and commit as a group to the behaviors you have decided to prioritize. Start with a limited number and expand once practices have begun to shift.

Ana Villegas is NI's chief marketing officer. "We really needed this kind of reflection if we wanted to change," she says. "Leaders have to be agile: able to pivot and adapt to a constantly evolving landscape." On top-performing teams, members are equally committed to the goals of their respective silos and to enterprise transformation. They have switched from a "stay in your lane" mindset to a determination to cross the finish line together. "If our values are 'be bold, be kind, be connectors,' it makes sense that we would



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embrace this form of communication,” Villegas explains. “We can be honest and kind, and we can see the result in accelerated growth.”

High-Return Practices for Transformation

Once your team has committed to a new social contract, it’s time to put the agreed-upon behaviors into use. We at Ferrazzi Greenlight have identified a suite of high-return practices that will help you make the transformation. Adopting them takes hard work and conscious effort at the start, but they will gain traction and become habits over time. It can be helpful to appoint a facilitator and team coach; at NI, Cate Prescott, the chief people officer and a senior vice president, assumed that role.

Collaborative problem solving. This is a systematic process of discussion in which a single business-critical question is the focus of a 60- to 90-minute meeting. A team might look at prioritizing agenda items for the year ahead, explore innovations for the company’s retail strategy, or consider risks that might derail the business in the coming six months. Whatever the topic, members should draw together data and insights from their wider teams. The aim is robust dialogue, not consensus. Be clear from the outset about who will make the final decision. With that understood, you will avoid resentment over whose ideas are chosen for implementation.

As teams went remote during the pandemic, digital breakout sessions became a common tool for moving discussions forward. Indeed, we’ve found such sessions to be an important tool in collaborative problem solving, which derives much of its effectiveness from what we call *the power of three*. For half the session the team breaks into three-person groups to brainstorm. Everyone then comes together again and the groups report back. People have more courage in small groups; they are less inhibited about critiquing ideas and weeding out weak ones. While coaching teams in collaborative problem solving, we have discovered that this courage and candor are sustained when the larger group reconvenes. The temporary tribes formed during the breakout sessions typically bond in their short time together, and members would lose face if they watered down their comments. The team member with decision rights gives

immediate feedback: a clear “Yes, we’ll do that,” a “No, and here’s why not,” or a “Let’s look at this again after additional research.” The feedback step is critical: The collaboration must result in action.

“The concept of candor that starts in small groups and grows across larger ones is very powerful,” says Scott Rust, NI’s executive vice president of platform and product. Having a facilitator capture ideas in a shared document has been particularly valuable, he adds; that ensures a single, accurate version of the conversation. “We’ve developed more trust across the organization,” Rust says. “And that has given us the confidence to iterate. Previously our style was to have plans completely buttoned up from the start. But when you trust your people to understand the intent behind a plan, they will modify it as needed.” Jason Green, the chief revenue officer and executive vice president for portfolio, says, “The tangible outcome is increased sales and greater collaboration among the business units, with each seeing the others as empathetic allies.”

Bulletproofing. At some of the most successful companies Ferrazzi Greenlight has studied and worked with, executive team members keep a partial but constant focus on the enterprise as a whole, independent of their specific positions and responsibilities. But such behavior is rare. Far more frequently we see executives who are strongly turf-oriented and who prioritize the success of their function or division above that of the organization.

A practice known as *bulletproofing*, if used regularly, can help ensure that teams—executive or otherwise—collaborate across silos and sustain a strong sense of collective responsibility and a commitment to enterprise-wide success. Here’s how it works: A team member presents a high-priority project, ideally in a shared three-column document detailing what’s been achieved, where the project is struggling, and what’s planned for the next sprint of work. He or she then asks for no-holds-barred feedback and constructive criticism. It is especially easy to manage this in a virtual context: At the push of a button, members can be divided into groups of three and sent into breakout rooms for 10 to 30 minutes, depending on the complexity of the issue. The three-person groups critique their colleague’s project, challenging anything that might involve unacceptable or unnecessarily high levels of risk, brainstorming ways



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to mitigate that risk, and maintaining a respectful, collegial tone. (Think of it as a kinder, gentler form of red teaming.) They enter their feedback in a shared document divided into columns for challenges, innovations, and offers of help. This ensures that the person responsible for the project has clear, well-documented input encompassing a variety of perspectives along with concrete offers of support and that by the time the project comes to fruition, it has been subject to rigorous examination and benefits from the full wisdom of the team.

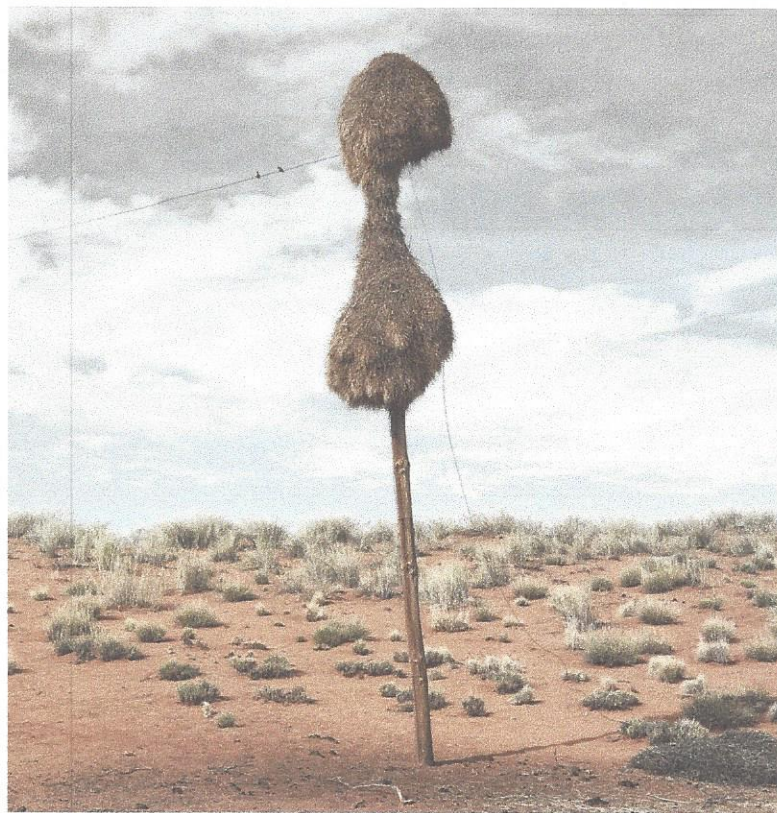
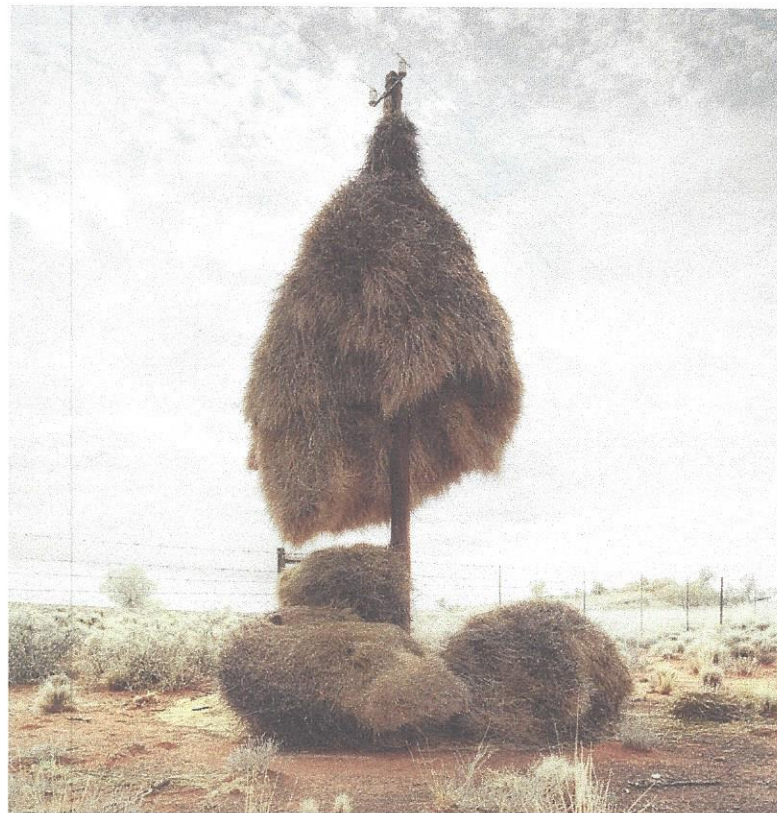
Bulletproofing can easily be adapted for asynchronous teams, which face unique challenges and may wonder how they can collaborate effectively given the limitations on their ability to meet. Inviting geographically dispersed team members to submit bulletproofing thoughts via shared documents can elicit candor and collaboration from even the most introverted. Ferrazzi Greenlight has found that an asynchronous context often leads to bolder, more inclusive collaboration and faster decision-making.

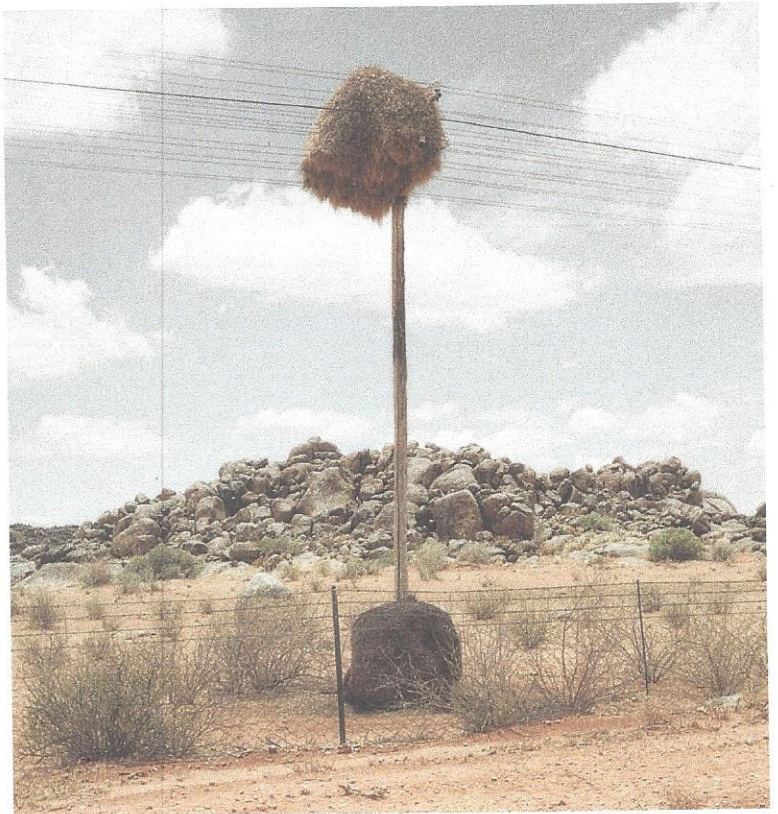
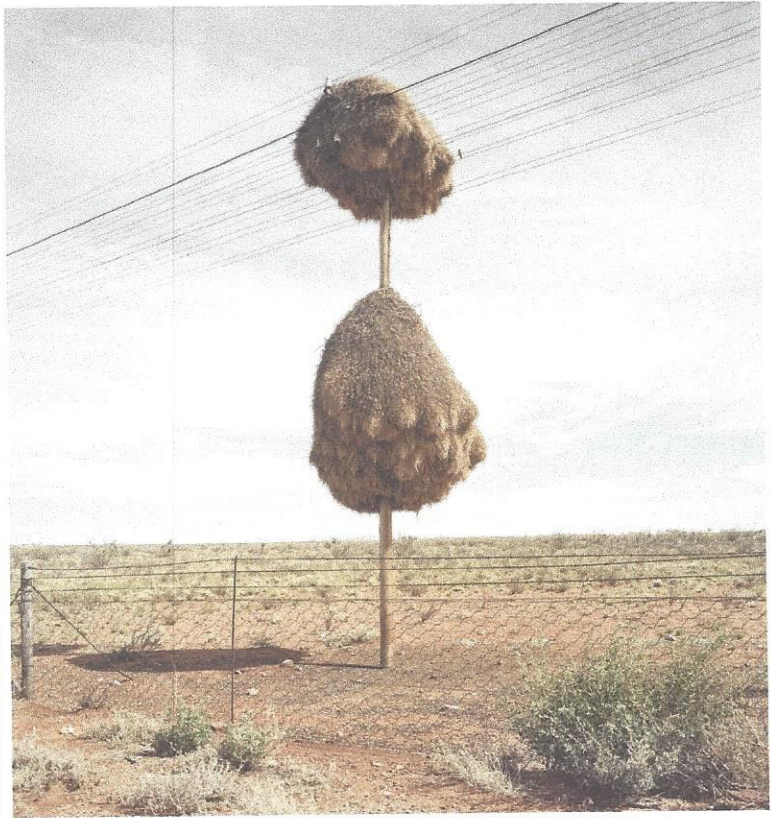
"NI's leaders sometimes used to feel they had to take something on and figure it all out themselves," Starkloff says. "But this practice allows them to enlist peers in their development of a solution without lessening their authority or accountability. It's a mindset: *You don't have to solve that on your own.*"

Candor breaks, red-flag replays, and safe words.

The importance of candor cannot be overstated. Conflict avoidance can be corrosive, even deadly, causing teams to miss opportunities and needlessly exposing them to risk. Members might recognize hazards but decline to bring them up, perhaps for fear of being seen as throwing a colleague under the bus. Instead they confine misgivings and criticisms to private conversations. Senior leaders should make it clear that back-channel discussions have no place on the team and should explicitly give permission for the full airing of feedback of any nature. No matter how sensitive the issue or how serious the criticism, members must feel free to voice their thoughts openly—though always constructively—and respond to critical input with curiosity, recognizing that it is a crucial step toward a better solution.

Ray Dalio, the founder of the hedge fund Bridgewater Associates, puts particular emphasis on hiring people who are comfortable giving and receiving criticism. "We look for people who think independently, argue open-mindedly and







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assertively, and above all else value the intense pursuit of truth and excellence, and through it, the rapid improvement of themselves and the organization,” he writes in his 2017 book *Principles*. “Most important, they must be able to put their egos aside and assess themselves candidly.”

But what about teams whose established members are defensive and insecure? In our experience, most companies struggle mightily with helping such employees acquire the necessary mindset. *Candor breaks* can help. During a meeting, announce a candor break and ask the team, “What’s not being said?” Divide the team into threes (in breakout rooms if meeting virtually) to explore the question. Have each group record its honest thoughts and criticisms. Circulate the results in a shared document and then orally after reconvening the full team. Candor breaks can serve as a coaching mechanism: In time team members will begin spontaneously sharing their feedback.

You can also use what we call *red-flag replays*. Much as football coaches throw down a flag to request review of a penalty call, any team member—not just the leader—can pause at any time and ask the team to look back on a recent interaction by saying, “Let’s have a red-flag replay on that discussion.” A replay may also be requested if it appears that a violation of the social contract—such as a back-channel conversation or an aggressive encounter—has occurred. In person or in breakout rooms, small groups can discuss when and how the violation happened and bring their insights back to the larger team. What could have been done differently in the moment, and what’s needed to correct the violation and get the team back on track?

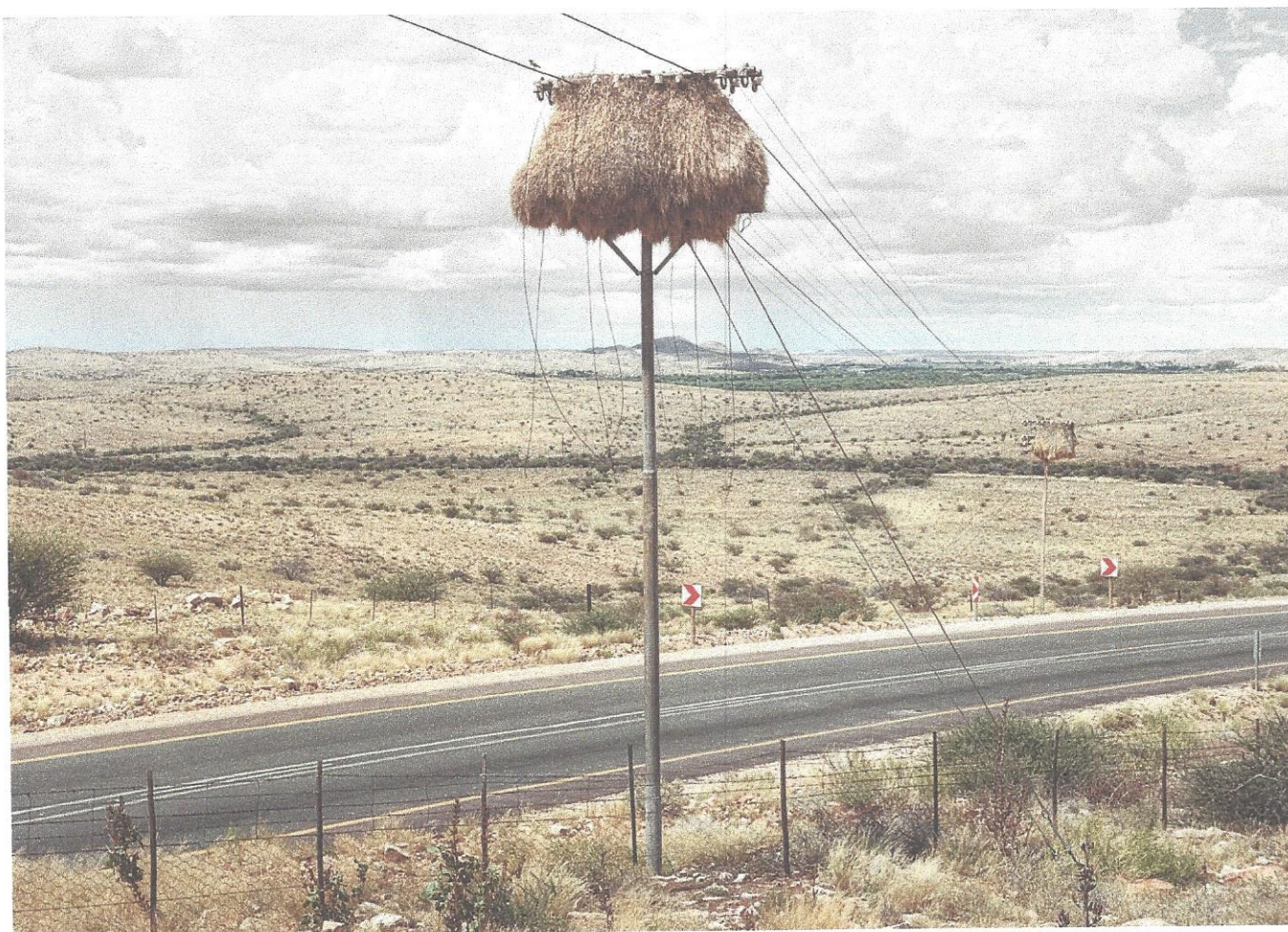
Establishing *safe words* is another way to foster candor. Here an agreed-upon word or phrase (it can be just about anything, from “uncle” to “Yoda in the room”) cues everyone to take a breath and listen attentively, without interrupting, to what the person invoking the safe word has to say. (I like to ask, “May I have a Yoda moment, please?” because I believe that Yoda’s type of wisdom exists on every team, but only when everyone’s input is openly shared.) Any team member may use a safe word anytime he or she feels that a discussion has gotten off track or has something especially important (and perhaps controversial) to offer. Having that option on the table provides the psychological safety needed for members to speak openly, without fear of igniting destructive conflict.

At NI, where meetings were once marked by conflict avoidance, candor became commonplace. “The level of candor on the team was probably the most palpable change,” Prescott says. “We’re much more confident about having deep dialogues on crunchy issues—topics where there’s some contention—because we’re clear that the sole purpose is to advance the greater good. No one should be looking to one-up others or make them feel small. It’s about solving problems together.”

Open 360s. The highest-performing teams we’ve worked with have had social contracts allowing members to transparently give one another feedback on performance and competencies in service of growth. But a full 61% of team members in our data set said that their peers do not seem to be exploring areas for growth or seeking any development opportunities whatsoever, presumably because people are overwhelmed by heavy workloads and believe they lack the time. That belief creates a catch-22: Without team-specific coaching and development, the work is indeed harder than it needs to be, and collaboration is less effective—so workloads become even heavier, making people feel even more overwhelmed and less able to pursue development and growth.

Compounding the problem, many believe that once they reach the executive ranks, they need less development than during earlier stages of their careers—and indeed, the further up the organizational ladder people progress, the less feedback they are apt to receive. But senior leaders need coaching too, particularly around team behaviors. In today’s volatile business environment, individuals at every level must continually improve and grow.

This is where the *open 360* comes in. Breakthrough performance becomes far more likely when team members take responsibility for coaching one another rather than relying solely on the leader’s input. We’re all familiar with traditional 360 reviews: performance evaluations that solicit feedback from all directions, typically anonymously and in writing. In an open 360 every member gets feedback from peers orally, in a transparent, teamwide forum. We recommend starting with the leader and asking teammates to take turns giving feedback in two rounds. In the first round, to inoculate against defensiveness, members should celebrate some aspect of their teammate’s performance—for example, “What I most admire about you is...” In the second round they should



offer constructive, affirmative criticisms. For instance, a recommendation for improvement might begin: “Because your success is so important to our success, I’d suggest...” Villegas says, “The exercise may have pushed us out of our comfort zones, but that’s where real change occurs. The team developed more-cohesive trust.”

THE CHANGE IN culture and behaviors on NI’s leadership team fueled improved performance. The firm reached \$1.47 billion in revenue in 2021—a 9% increase over 2019—and posted all-time record revenue and orders in the fourth quarter of the year. The process for making strategic decisions has been radically transformed, despite all the challenges of working remotely.

“I remember an all-day Zoom meeting that we were all kind of dreading,” Starkloff says. “An eight-hour Zoom meeting—are you kidding me? And the topic was a heavy one: planning how to operate during Covid. We knew we would need to make tough decisions and trade-offs. But to

a person, everyone said, ‘Wow, I have more energy leaving this meeting than when we started it.’ It was a bit of a breakthrough: the realization that you can run a forum in ways that are motivating and that create energy and accomplishment.”

NI used to iterate strategy over several months, he adds, and decisions came strictly from the top, without everyone’s buy-in. “That tension would lead to all kinds of passive-aggressive behavior, and people wouldn’t really observe the spirit of decisions,” he recalls. “There’s a big difference between saying ‘We’re all in’ and really believing it and just reluctantly complying. We’re definitely in the former category today.” ☺

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KEITH FERRAZZI is the chair and founder of Ferrazzi Greenlight, a Los Angeles-based global teams consulting and coaching firm, and a coauthor of *Competing in the New World of Work: How Radical Adaptability Separates the Best from the Rest* (Harvard Business Review Press, 2022).