An interview with Harold S. Resnick

Interview by James Nelson

During his 30 years in organizational development and training, Harold S. Resnick has earned international recognition as a leading authority and innovator in organizational transformation and leadership development. He has consulted with hundreds of private and public sector companies in North and South America, Europe and the Middle East.

In 1980, Resnick founded Work Systems Associates, a management and organizational development consulting firm which developed proprietary systems and methods used by organizations to develop their leadership talent, address team issues, build quality systems, and achieve transformational change. In 1996, he founded Generation 21 Learning Systems, a software company that developed one of the seminal web-based training and knowledge management systems which became the technology of choice for such leading organizations as the NASA space shuttle, Dell Computers and Verizon.

Resnick has had a special focus in developing highly empowered process improvement and self directed work teams for clients such as ABB, Volvo, General Motors, Shell Oil and Philips Electronics. He talks here about why today’s global competitive environment rewards companies where the senior executives adopt the philosophy of team-based top management.

What exactly do you mean by the term team-based top management?

Harold Resnick:

Chief executives around the world are realizing they have not tapped the great potential of their top management. More and more, firms’ overall goals can only be achieved by using these highly skilled executives as a team.

A single person can make a big difference in an organization. But no single person has enough knowledge or experience to understand everything happening in a complex and sophisticated organization. Major gains in quality and productivity most often result from teams – groups of people pooling their skills, talents and knowledge. With proper chartering and leadership, teams can tackle complex and chronic problems and come up with effective, permanent solutions. Besides this pooling of skills and understanding, top management teams are better than solo performance at cross-functional, integrated performance.

An important knock-on effect of top management teams is that the core concepts of teamwork start to develop at all levels of the organization. Team members everywhere in the company start working together – without barriers or factions. All moving together in the same direction.

When are companies most in need of team-based top management?

Harold Resnick:

An integrated top management team is essential when conditions prevail such as:

- The company is too complex for any one person to be able to know and handle all the variables.
- The interdependencies of team members mean good communications and connectivity are necessary to overall organizational success.
- Commitment to all goals by all members of top management is essential for the company to meet its many requirements.
- There are no obvious answers clearly known by one person. The team’s collective knowledge and wisdom are needed to insure success.

Don’t most senior managements already operate as a team?

Harold Resnick:
Much thought and attention has been paid to project teams, process improvement teams, functional organizational teams and self-directed work teams. But the executive team poses some unique requirements and challenges. First of all, a company's senior executives hold a collective set of responsibilities which is exclusively theirs. The success of the organization rests in their hands, and from their collective vision and direction the organization's longer-term strategic direction and success will flow.

It is generally assumed that by the time a group of individuals reaches the senior executive level they have pretty well developed and honed their leadership skills, including those of serving on a wide variety of teams, and functioning as leaders of their own teams.

Unfortunately, the reverse is more often the case. In 35 years of consulting experience with hundreds of organizations across the globe, I seldom find an executive group functioning as a high-performance team. More often, the senior executive group consists of a number of fiercely independent individuals who enjoy competing with everyone, including each other. Power struggles are common, and separate fiefdoms dividing the organization along its functional structure is a common manifestation for what passes as a senior executive team. Of course, this is nonsense and a key reason why guidelines for team behaviour among top management are sorely needed.

**What was the essence of the traditional model for senior management?**

**Harold Resnick:**

Traditionally, executives rose to the top of their organizations because of their high achievement focus and skills, honed over years of successful performance in competitive environments. Success has often been defined by the scope of an executive’s power. For example, the size of the manager’s organization, staff, budget and scope of decision-making authority. Senior executives often see each other as rivals, both in terms of accumulating their share of the organization’s power base, and their chances of getting the chief executive’s job. And, sometimes this rivalry is used by CEOs as a valuable tool to stir the competitive pot and get the best results from each function.

In a stable marketplace with an organization seeking to maintain a consistent, predictable output, a functionally driven organization where members of the top management team control their individual areas with little cross-functional involvement might be justified. Actually, just such a control-driven environment created the structures we’ve seen since the industrial revolution. But rapid shifts in the competitive marketplace have caused a major re-examination of the basic business models needed for the competitive environment we have now and will surely continue having in the decades ahead.

When the business environment is stable, executives function more as managers than leaders. They establish the core business strategy, agree on the organization's structure and the systems required to control the activities which will ensure achievement of the business plan. So, the system is essentially hierarchical. With such a system, the organization is divided up into its logical parts based on the functions performed. And, these functions are divided among top management with each responsible for a particular part.

Within this context, there is no compelling need for the members of top management to operate as an executive team. While they may need to share information and collectively review overall business results, course corrections are assigned to the functional members who own the source of the problem. So, the essence of the traditional model was designed to create and ensure stability and predictability. The assumption being that the whole is the sum of the parts, and if each part performs well, the whole will be achieved.

However, the core assumptions regarding business conditions and a stable economic environment no longer reflect the nature of the world. In today’s changing marketplace, the economic environment is neither predictable nor stable. Economic growth is no longer assured, and competition abounds from all sides. For example, we now see many customized services replacing the previous assumptions which created the industrial revolution and mass production.

**What do you see as the requirements of this new economic environment?**

**Harold Resnick:**

The new reality is that in this changing environment a top-down, hierarchical, compartmentalized, control-oriented management culture simply will not work. It is too slow, too rigid, too far removed from the customer, too insensitive to feedback, and the layers of bureaucracy required by the hierarchy are too costly. The management system needed in this new era sees that the various elements of the system are interdependent and must function as an integrated whole. The entire system needs to be highly responsive to customer and marketplace feedback with the organization being very flexible.
Here, knowledge and the ability to solve problems no longer flow down from the top of the organization, far removed from the customer. The best source of knowledge comes from where the work gets down, not from the top. Knowledge and wisdom are not resident in the upper offices, and power is not derived by position or control.

“The new reality is that in this changing environment a top-down, hierarchical, compartmentalized, control-oriented management culture simply will not work.”

The role of employees then shifts from one where individual differences need to be suppressed to one where individual differences – knowledge and skill – are the firm’s most essential competitive advantage.

So, today’s executives are responsible for guiding the work of a much more amorphous, flexible, distributed network of core competences which must be brought together with speed and fluidity to meet the needs of rapidly changing markets, often using technologies with life cycles shorter than the products or services offered.

So this calls for substantial changes in the way top management operates?

Harold Resnick:

Very much so. A major consequence of these changes in the business world is that the role of top management must adapt and change as well. I see this new role as one where top managers guide an interdependent system, rather than control their own functional turf. And this presses the need for new skills and mind-sets. Top management must now function primarily as leaders rather than managers. They must now guide the interdependent elements of a system, applying all the concepts of systems thinking to their jobs. Also seeing employees as their greatest resource instead of interchangeable parts.

For this to work, top management must also function as an interdependent system, essentially as a well-oiled executive team with the primary responsibility being the leadership of the firm more than the management of the firm.

How do you see the core responsibilities of leadership in an organization?

Harold Resnick:

Certainly the first role of a leadership team is establishing a vision. This defines the organization’s core purpose, and sets the direction by which the firm will position itself, both for the external marketplace and for the workforce. The vision needs to be broad enough to encompass the hopes, dreams and desires for the future, but also specific enough for individuals to develop the definition and scope of their own work areas in the fulfillment of the vision.

To expect a vision to be accepted and embraced by the workforce, it must clearly embody the spirit and words of the executive team. It’s essential for the message from top management to be consistent and unanimous, since dissension at the senior level creates confusion and even competing behaviour at other levels of the organization.

The creation and acceptance of this vision must first be the team effort of top management. It’s not going to work if individual executives submit their parts and wait for the CEO to pull it all together. It must be developed and embraced by all, so top management must function as an executive team throughout the process to both create the vision, and communicate their collective endorsement of the vision through words and actions.

What comes after top management has established a common vision?

Harold Resnick:

Alignment, which is the process by which the vision is translated into strategic direction, specific goals and business processes. And this also needs to be an integrated effort. The shift from a functional organization to a cross-functional process-driven organization requires a different way of thinking. Senior executives must be willing to let go of traditional power bases called functions or departments, and begin instead to take ownership of core cross-functional processes.

Goals must be based on the overarching strategic direction of the firm, rather than the individual functional goals traditionally used to set budgets and allocate resources. All the resources must be aligned to achieve the firm’s goals and strategic direction, not to protect any individual power bases or special interests.
This process of aligning the entire firm along several core goals is potentially the most powerful role top management can play. When an organization is fully aligned, all the systems are working in concert with each other to reach common goals. Success is then defined by criteria such as customer satisfaction, market share, growth, profitability, and other factors pointing to the overall health and success of a business. So, any individual functional requirements are subordinated to the alignment created through these higher-level goals.

In order for top management to align themselves and then the entire firm, they must first work together to determine strategic goals and direction. Those factors critical to the success of the firm’s common goals can then be defined. From this point, core processes and their owners can be determined, and goals at other levels of the organization can be identified. This is work which can only be accomplished by a team working together, applying its best collective thinking to the process. Any efforts by individuals to protect their turf will endanger the whole. So, alignment requires a top-performing executive team whose primary focus is to set and then achieve the firm’s overall goals.

What are some characteristics of an effective top management team?

Harold Resnick:

The teams which function effectively usually show particular characteristics, and if any of these is missing the team may become a group of disparate individuals who spend their time debating with each other and have a negative impact on each other’s contribution – instead of an integrated team creating additional value through its work together, Some examples of these characteristics are:

- The atmosphere tends to be informal and relaxed. People are involved and interested without signs of boredom.
- There’s a lot of discussion in which virtually everyone participates, and if the discussion gets off the subject, someone will bring it back quickly.
- The members listen to each other. People are not afraid of appearing foolish by putting forward a creative thought, even if it seems fairly extreme.
- There is constructive disagreement, and disagreements are not suppressed or overridden by premature team action.

- Most decisions are reached by consensus, and formal voting is at a minimum. The team does not accept a simple majority as a proper basis for action.
- Criticism is frequent, frank and relatively comfortable. There is little evidence of personal attack, either openly or in a hidden fashion.
- When action is taken, clear assignments are made and accepted.
- The team leader does not dominate, nor does the team defer unduly. The issue is not who controls, but how to get the job done.

What about some of the reasons why top management teams fail?

Harold Resnick:

Teams can fail for many reasons, some to do with individuals and some with structure. Some of the most common problems are:

- Members do not have a vision of the additional power they can generate by working together as a team.
- It’s not clear who makes what decisions, or what areas of decision making belong to this team as opposed to other divisions, board of directors, etc.
- Who’s right becomes more important than what’s right.
- There is a focus on individual vs. team success. This is a common condition among top management, especially around functional or departmental walls or barriers.
- Short-term gains become more important than long-term sustained growth and profitability.