

Interview with Deborah Ancona Seley Distinguished Professor of Management MIT Sloan School of Management



Deborah is the faculty director for the MIT Leadership Center. She is engaged in research examining core leadership capabilities and the ways in which teams manage both their internal and external dynamics to obtain high performance. She proposes a new structure, "the X-Team" -- that allows teams to manage complex tasks while being entrepreneurial. Written with co-author Henrik Bresman, their book, *x-teams: how to build teams that lead, innovate and succeed*, was published in 2007. Deborah can be reached at: ancona@mit.edu.

Deborah will be a keynote speaker at the [PDMA / IIR Front-End of Innovation Conference, May 2008](#).

Interview conducted by Doug Berger, Managing Partner, INNOVATE, doug@innovate1st.com

Doug: I want to focus on the concepts behind distributed leadership and X-teams. Let's start with the distributed leadership model and the key elements that you are finding to be effective.

Deborah: This work was jointly done with Tom Malone, Wanda Orlikowski, and Peter Senge. We highlight four capabilities that emerged from our work with successful leaders at all levels of the organization who must operate in a hyper-competitive, fast changing and complex world.

The first term called '**sensemaking**' or making sense of the context within which you are operating comes from Karl Weick, University of Michigan. It is incredibly important in a world where we're all rushing into action, to take the time to understand what's going on externally ... with competitors, in the market place, with customers, as well as internally with a company's culture. In 'sensemaking', we mean not only understanding, but also understanding from multiple points of view. Sensemaking also involves creating a mental map or story of the external context, even though that map has to change when the world changes. During our work with executives who have come through the Sloan Executive Program, 'sensemaking' has had the most impact on how they change their own leadership behavior going forward.

The second term is '**relating**' because leadership is not a solo sport. Leaders work with and through other people, particularly today where people are working across multiple boundaries. 'Relating' has to do with creating trusting relationships and effective dialogue with people in your group as well as outside of your group.

The third term is **'visioning.'** If 'sensemaking' knowing what is going on right now, then 'visioning' is about what the future will look like. It's creating a picture of what the future could be. 'Visioning' provides focus, direction, and motivation. For example, when Xerox was having problems and the red ink was flowing, people still wanted to know what the future Xerox would look like. Xerox did something inventive and put together a Wall Street Journal article dated five years later, with a story of what they could look like then. Employees could then rally around the projected image of Xerox's satisfied customers, innovative products, and new reputation in the world. The vision needs to be co-created and communicated to many other people up, down and outside the organization.

The fourth term is **'inventing.'** If you can understand your context, know where you are going, and have a set of people who are committed and motivated to go in a direction, that's great. If you don't have any way of moving an organization in a new direction, then you're in trouble. 'Inventing' is creating the structures and processes that move the organization toward the vision.

Doug: How do you develop 'sensemaking?'

Deborah: First of all, 'sensemaking' is not done alone. Understanding the surrounding world is best done by building on a variety of ideas and perspectives from multiple people. Secondly, it is best done by using multiple forms of data -- information from the web, observations, annual reports, and gut feel. Great sensemakers don't impose their model on a situation but let the situation unfold, even if what they find is different from their preconceived notions. Part of what you do in 'sensemaking' is to allow new data to come in and reshape your thinking.

Doug: Let's move on to the ideas behind X-teams.

Deborah: The ideas behind X-teams come from early research showing that our notions of team performance are practically burnt into our brains and focus on how team members operate inside their boundaries ... clear goals, clear roles within the team, team spirit and camaraderie, trust among team members, and coordination and communication across team members.

Unfortunately, if the focus is solely on what goes on inside team boundaries, then teams can fail. They fail because in focusing inward, they may inadvertently create a wall between the team and the external environment. In X-teams, the "X" stands for externally oriented. Members reach across their boundaries from Day 1. They forge dense networks inside and outside the firm. They reach out to understand the environment, to link ideas and align up and down the organization. They are looking outside of the organization for new ideas and new ways to collaborate. They are pulling together resources within and outside of the organization to help them build innovative products and services to compete in a hyper-competitive world.

Doug: Are there particular examples that would highlight the ways in which an X-team works over time, distinct from a traditional project team?

Deborah: There are three stages through which an X team passes in order to enable innovation, adaptation, and execution in a changing field: **Explore ... Exploit ... and Export.**

The example in our book about Tammy Savage and her team at Microsoft called the

Net-Geners, provides a good illustration of this concept. The exploration phase is the time to do a lot of sensemaking. This means trying to understand the context ... trying to see the world with new eyes ... trying to understand the competition, as well as doing a lot of relating and what we call ambassadorial activity. The Net-Geners team did a number of things in exploration mode. They paid college students to create a business plan. Then they acted like anthropologists to understand how the students used technology to work and play. The development of the business plan was not the point -- understanding how those Net-Geners or Internet generation users, used technology was. Microsoft wanted to explore and understand this customer group at a depth they hadn't before reached in order to build technologies that would meet their needs.

So, if exploration is all about deep understanding of the problem, the issues, the competitive landscape, as well as gaining support within the organization, then exploitation is about moving to the one thing that the team is going to do. For example, what is the software product that we are going to design? Exploitation moves the team from multiple possibilities to a focus on the one thing that they are going to do, and how they can best deliver on that one thing. It's also about visioning because you're envisioning a new product or a new process or a new way of operating to help your company move in a new direction. Instead of sensemaking about the market place or the customer, you're now sensemaking about the best way to go about doing this. What are best practices here? Who did this before and what can we learn from them? It is about inventing new ways of working together so that we can work as quickly and efficiently as possible.

Finally, moving from exploit to export is all about taking your knowledge and enthusiasm and exporting it to the rest of the organization. In the case of Tammy Savage and her team, they moved their ideas into Microsoft Messenger and the whole organization began to profit from the ideas and prototypes that Tammy's team had created. In the work that we do with teams, we encourage them to have milestones or time limits within each phase because it's important to move to exportation. If it doesn't work its way out of the team and into the rest of the organization ... into the external marketplace, then you're not going to get the execution and the performance that you need.

Doug: Can you provide some other examples of how major corporations have used the X-team concepts?

Deborah: At MIT, we have created X-teams with BP. They are working on new ways to project manage large, complex oil and gas projects. These globally distributed teams have come up with great ideas. It's very exciting to watch. More importantly, these ideas are fed to top management. Top management then goes about using those ideas to innovate within the corporation and set new modes of operating. We call this the infrastructure of innovation ... teams creating lots and lots of ideas and then working with top management to get those ideas to permeate the organization.

Other examples include Merrill Lynch creating new financial services products, and News Corp aligning their IT function with business function.

Doug: If an executive is interested in creating these kinds of forums in their own company, what are some of the starters that you recommend putting in place?

Deborah: There are two different levels at which an executive might get involved. Let's take a smaller implementation first, which might be just putting together a few X-teams. In

this case, you want to set those teams up to be successful. This requires choosing team members for their network and external connections, not just choosing them for their talents and business or technical skills. Second, to make sure that those teams understand that they need to make external outreach a mindset and modus operandi from day one. Third, to make sure that those teams have the tools, the checklists, and workbooks that help teams to do the external activity and move through the three phases of explore, exploit, and export. Top management also needs to commit to making themselves available. X-teams need to connect up to top-level initiatives.

Alternatively, executives might want to set up many X-teams in a broad-based initiative. In this scenario, company executives make a commitment to specific strategic goals, such as improving project management, the process of going global or developing even better products. Then they have sets of teams come back again and again to develop solutions to these particular strategic challenges and they work with those teams to help them build knowledge and capability. That's a bigger investment.

Doug: Once executives have opened up this Pandora's Box by unleashing X-teams, what have been some unintended consequences?

Deborah: So far, there has been much more excitement around it than anything else. When you truly give people the power to think on their own and to create on their own, sometimes they come back and say, "Hey, wait a second, a core assumption that you have up there at the top of the organization is not really correct; or, something that you thought you were doing is not really being communicated to people at lower levels; or, we think you need to move in this direction, and that direction is not where top management had intended to go." So, it puts top management on the spot. "Well, can I rethink my own set of assumptions and move in a new direction?"

In addition, not every team has a great idea. Executives have to deal with the fact that some initiatives will go forward and some will not and they have to be careful in handling that process. They don't want to go in a million different directions if those directions don't make sense. We really push for a lot of transparency in explaining why some ideas might be incorporated while others might not.

One thing that is often problematic in these teams is that they do take up time and energy, and so, teams will push back because they don't have enough time and resources to work. X-teams cannot be easily put on top of a person's regular job. I find that top-level executives love the idea of X-teams and they want to implement a program, but they're not always willing to give people the time and resources that it really takes. That's a mistake because they find that the project then backfires and certain people become very disillusioned with the whole process. There needs to be an ability to give people that time and those resources to do what they need to do.

Doug: Through the Leadership Center, MIT gives you and others a forum for putting the theory into practice. What does MIT do, which is not part of the conventional methodology for how teams are built, to put theory into practice?

Deborah: One of the ways in which we put theory into practice is to give people just-in-time skills and capabilities to do what they want to do. Last semester I worked with this incredible team of students called VDS, Vehicle Design Summit. They are students at MIT who are designing a 200-mile per gallon car that they want to manufacturer and sell in India. They have pulled together 30-some teams across six

continents that are all affiliated with top universities in the world, and they're all being organized by this group of students here at MIT. They've got funding from major automotive companies. They came to me and said, "We have all of these teams and we don't know how to organize them. They're not as productive as they need to be. Some of them are getting in each other's way. We need each of them to lead and to do some of their own design and fundraising. We found your book, the X-team book, and we want to organize as X-teams." So, I taught them about X-teams by having them work in x-teams to redesign their own organization in an X-team structure. This is just-in-time education and action learning.

Action learning is actually a mechanism for leadership development in companies, too. It sends the message, "Okay, you next generation leaders, you try to make some change happen. Change the way that we manage projects. Change the way that we create new products and we're going to give you some leadership capability training. We're going to put you in X-teams. You're going to actually make change happen and develop your leadership skills as you're doing something of strategic importance for the firm."

Another critical difference at MIT is that we create theory which we then translate into workbooks, tools, checklists and surveys so that people can put the theory into practice. Our aim is to build our theory into the DNA of action so that people learn by doing and can therefore do it again. It totally encompasses the MIT motto "Mens et Manus" - "mind and hand."

Doug: Is there anything of a personal nature that you would like to convey to our readers?

Deborah: I've been teaching for a long time and it really doesn't get better than this. Watching teams and individuals learn new capabilities, go out, make change happen, and watching as that change gets picked up and diffused into other parts of their organizations is a great thing.

Additional Publications:

In Praise of the Incomplete Leader, Deborah Ancona et. al, Harvard Business Review, February 2007

http://harvardbusinessonline.hbsp.harvard.edu/b01/en/common/item_detail.jhtml?id=R0702E

Deborah Ancona: X-Teams: Teams get extroverted, MIT Sloan School of Management News Briefs, <http://mitsloan.mit.edu/newsroom/newsbriefs-0605-ancona.php>

