



Managing Virtual Teams in the Brave New Workplace

With all that is changing (disconcertingly rapidly, we might add) in the workplace – like evolving expectations about work-life balance and attitudes towards one’s employer, ever-changing technology and 24/7 connectivity, and the speed of business cycles getting ever-faster – is it any wonder many managers feel overwhelmed and at a loss to do their jobs effectively? On the other hand, the basics of great people management still hold true: instill trust, communicate often and effectively, set explicit expectations, and hold each other accountable. In fact, these become even more relevant when one’s team is not always physically co-located.

In 2014, two firms – Advanced Workplace Associates (AWA), a London-based workplace consulting firm, and Centre for Evidence-Based Management (CEBMA), based in Amsterdam and advocating the application of “evidence” in organizational decision-making – along with their sponsors¹, **set out to discover the best strategies for managing remote or virtual teams, and how these differ from managing traditional co-located teams.** This initiative was the second² project undertaken by AWA and CEBMA, in an ongoing partnership to explore performance in the workplace.

CEBMA uses a process they call a “rapid evidence assessment” to comb scholarly, peer-reviewed scientific research from a relevant period of time (e.g., for this project, they used studies published between 1990 and 2013). They extensively search all major academic databases (yielding, in this case, close to 400 studies) against a carefully defined set of criteria designed to ensure that only the best quality evidence is included in the study and to weed out those that represent merely collective opinions or the latest fad in thinking.

This project investigated the strategies for managing a virtual workforce, with the aim of discovering:

- The ways in which a virtual or remote team differs from a physically co-located team.
- Management styles and practices and other factors that are known to influence the performance of virtual teams.

¹This research was supported by five sponsor organizations – BDO, BP, Pitney Bowes, and Old Mutual Wealth in the UK, and Allsteel in the US.

²The first research project undertaken by AWA and CEBMA, published in spring 2014, revealed the six factors that improve knowledge workers’ productivity: social cohesion, perceived supervisory support, information sharing, vision/goal clarity, external communications, and trust in team members, supervisors, and management.





Their findings: while there is not a lot of academic research into the *management* of virtual teams, there was a fair amount on *working* in virtual teams. The key factors this research identified for successful virtual working are similar to those for co-located teams, but the differences are in:

- the ways things are done
- the methods of communication used
- the ways relationships are formed and sustained

Each of these three require more time, more effort, and additional methods when you don't see your team colleagues frequently. Workers should know about and be coached to prepare for the differences they encounter when they communicate and work in different places and at different times, rather than leaving things to chance.

Ways in Which a Virtual Team Differs From a Physically Co-located Team

Most of the research studies CEBMa found suggest that the differences between a traditional/co-located team and a virtual one are not black and white, but instead fall along a continuum. Multi-national organizations have clearly been working virtually in many forms for some time now. As Hertel points out: "While extreme cases of virtual teams can be imagined in which all members are working at different locations and communicate only via

electronic media, most of the existing virtual teams have some face-to-face contact. At the same time, electronic communication media are not only used in virtual teams but also in conventional teams. Instead of trying to draw a clear line between virtual and non-virtual teams, it might be more fruitful to consider the relative 'virtuality' of a team and its consequences for management."³ In other words, even "face-to-face" teams will work virtually at times, making it important to understand what follows.

Researchers have used a wide range of key performance indicators (KPI) to measure the benefits of virtual teams, using both objective (hard) as well as subjective (soft) outcome measures. However, determining those benefits is difficult, since it mostly depends on how "beneficial" is defined by a given organization. In addition, although there are some obvious advantages to virtual working for a company, like less office space or a larger talent pool, some studies have indicated that the effect of virtual teams on productivity, performance and creativity tends to be negative if ameliorating efforts are not made. The information below hopes to explain where and why things might "go south" and what could be helpful to get things back on track.

³Hertel, et al. "Managing Virtual Teams: A Review Of Current Empirical Research," 2005.

The Potential Impact of Using Technology to Communicate

Virtual teams are obviously highly dependent on computer-mediated communication technologies. Yet even with the most recent developments in video, the experience of using these tools is still very different from traditional face-to-face interaction. Studies indicate that using technology to communicate changes the patterns of work, decision-making, and understanding of the work as well as the relationships between the individuals involved in the work.

One example of this is that without the richness or context that being with someone provides (getting cues from their body language or attentiveness, or hearing tone and warmth in their voice, or being aware of that person’s situation), it can be more difficult to interpret or transfer information with clarity, or to interpret feedback or silence, especially when the information could be ambiguous. Computer-mediated technology also tends to delay feedback, which may result in misunderstandings, causing negative feelings between members, who may feel they are being ignored, or that the other party isn’t fully “present” in the discussion.

The Pyramid of Channel Richness

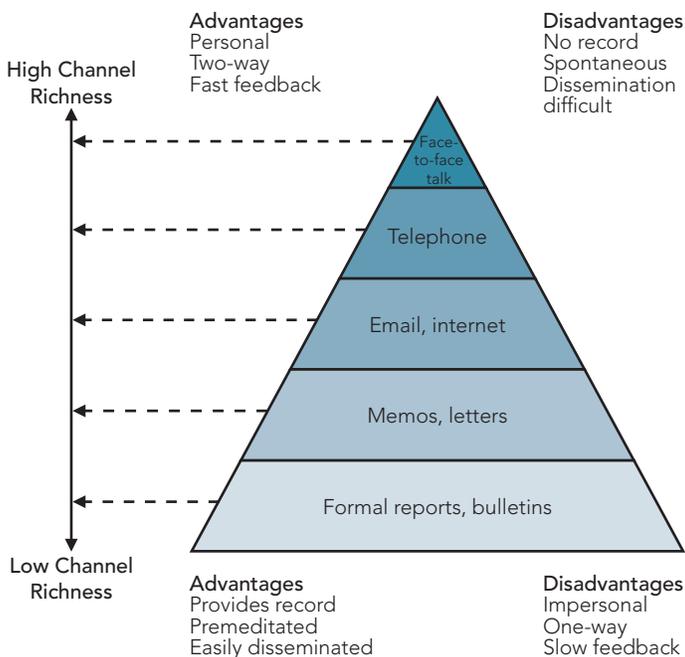


Figure 1. This chart shows the richness value, advantages, and disadvantages of various communication methods.

The Potential Impact of Physical Distance and A-synchronicity

Virtual teams are typically physically dispersed, often crossing organizational, geographical, and time boundaries. This means there are shorter windows for synchronous meetings, and many will take place outside someone’s standard working time; distance therefore increases coordination requirements, which may delay communication and impact performance. And as we mentioned above, teams spread over large distances are likely to have less of the shared context that develops during physical proximity – from working in the same city, for example – compounding the challenges of communication remotely.

Think, for example, of all the times when we work asynchronously and use email to make decisions, how much longer it seems to take vs. getting on a call together.

The Potential Impact of Interpersonal Relationships

The first research project AWA, CEBMa, and their sponsors undertook found that social factors such as relationship building, cohesion, effective communication, and trust between teammates and their manager have strong correlations to team performance. Some of the studies uncovered in this research validates how crucial these factors are for the effectiveness of virtual teams.

Clearly, when team members have no common past and have never met face-to-face, or are working more and more virtually, building trust and social cohesion in a virtual environment can be challenging. If we don’t know each other well, we are also more likely to inaccurately label each other – something researchers call “attribution error” – and further complicate interactions.

According to attribution theory, people are inclined to find explanations (attributions) for why others behave as they do. A person can make two types of attributions: 1)

⁴We want to explain the distinction we’re making between *causation* and *correlation*, or *relatedness*, because these terms are often confused or used incorrectly. Causation refers to something that results in an effect. If water is heated past its boiling point, it will boil. Correlation, on the other hand, suggests a relationship between two or more things – if I increase X, Y typically increases or decreases. Through their research, CEBMa was able to identify several factors that reliably correlate to a remote team’s performance.

internal – the belief that a person is behaving in a certain way because of their personal characteristics, such as personality, skills, or knowledge, and 2) external – the belief that a person is behaving a certain way because of their circumstances. It seems to be human nature to use external factors to explain one’s own behavior or achievements (e.g., I unintentionally cut someone off in traffic because I was rushing to my mother’s bedside), and use internal characteristics to explain someone else’s behavior (e.g., the person that cut me off in traffic is a jerk).

In non-virtual teams this “attribution error” can be more easily corrected as someone learns more about their teammate’s specific situation from being around them frequently. Because members of a virtual team tend to have a more limited knowledge of their teammates’ circumstances, they are likely to make a larger number of attribution errors, which can have a negative impact on building relationships, cohesion, and trust, if they don’t take the time to get to know that teammate.

The Potential Impact of Management Styles

As we said above, academic research into the management of virtual teams is light. But from the analysis of “the best evidence” – those studies with the highest internal validity and the largest effect sizes – we have summarized several findings we believe are relevant:

- Different leadership styles tend to result in different performance goals being met. A transactional (task-oriented/direction-giving) leadership style, for example, improves task cohesion and quantitative performance in a task with a prescribed process or outcome. A transformational (people-oriented/motivational/visionary) leadership style enhances social cohesion, feedback positivity, creativity,

consensus, decision quality, and qualitative performance in an activity that is not prescribed, but rather can be left to the discretion of the doers.

- Most studies identified in this research project indicate that transformational leadership has a stronger effect on teams that use only computer-mediated technologies, and that leaders who increase their transformational leadership behaviors in such set-ups achieve higher levels of team performance.
- Consistently adhering to communication rules (frequency, response time, feedback, “explicit-ness”), setting/meeting deadlines, and quality goal-setting all tend to have a positive effect on the performance of virtual teams and build trust.

Contextual Factors Known to Influence the Performance of Virtual Teams

A “meta-analysis” (a statistical technique for combining the findings from independent studies) performed by a group of researchers in 2008 found that five factors – relationship building, cohesion, trust, communication, and coordination – are strongly associated⁴ to the performance of virtual teams – echoing several of the themes we’ve already explored above.

Figure 2 suggests that trust is the bedrock of performance. Relationships, communication, and cohesiveness need trust in order to flourish, and it is unlikely that good relationships will exist where communication and cohesion are poor. So it can be seen that these are interdependent; and when all four aspects are in place, teams are more likely to consciously coordinate their efforts and produce good performance.

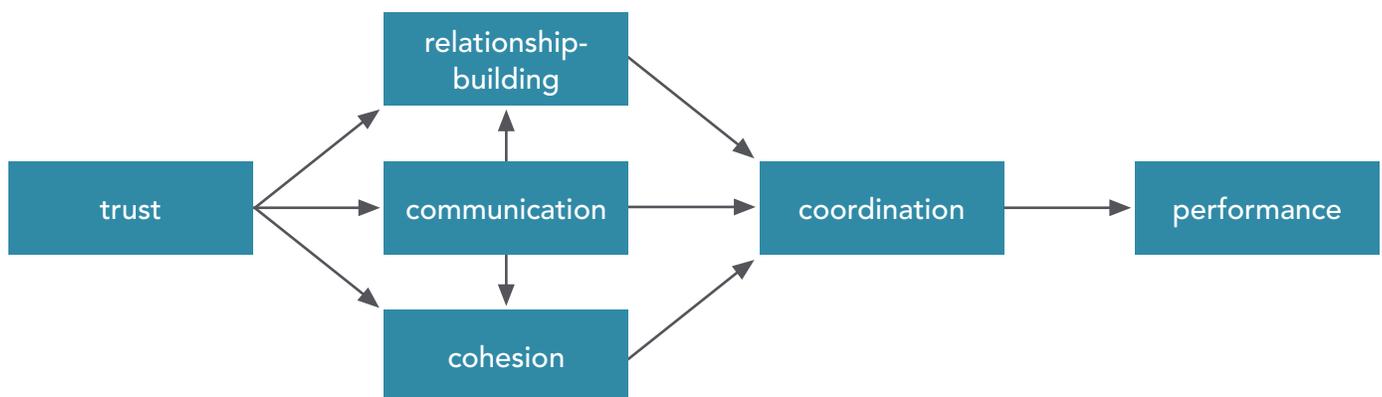


Figure 2. This chart showcases the importance of trust in improving coordination and performance.

Another important contextual factor is the “subjective perception of distance” between team members (i.e., how far apart do they feel). This is affected more by team members’ national diversity than the actual physical distance that separates them; which is why we include it here instead of in the section on the impact of physical distance. Subjective distance can have a significant impact on team collaboration. Finding ways to “close” perceived distances through spending time getting to know each other, building trust, and developing strong relationships could help to reduce the negative effect.

Conclusions – Effective Strategies for Managing the Virtual Workforce

Studies suggest that the more a team is virtual (defined by the amount of time the team is or isn’t physically together or the degree to which their communication is synchronous or asynchronous), the more challenges they may face to their effectiveness.

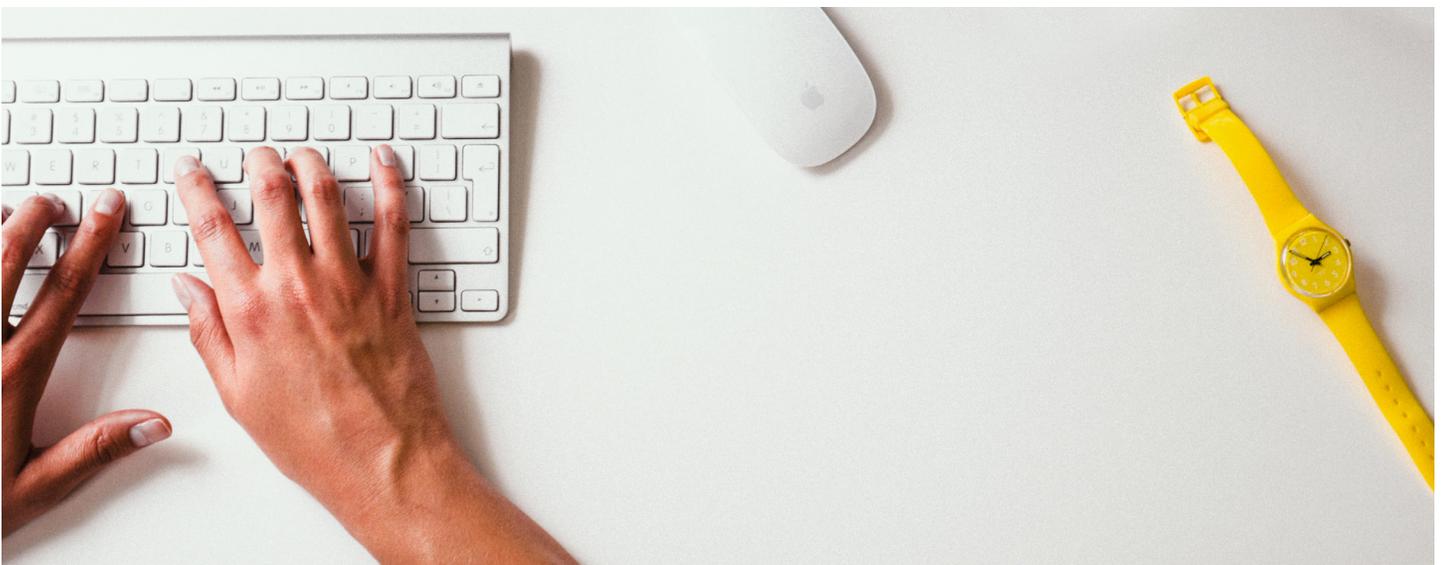
Virtual teams are susceptible to the risks of communicating remotely: misunderstanding, conflict, delay, and lack of clarity. Furthermore, we’re all prone to bias – we judge others on insufficient evidence, especially when we don’t see them often, or haven’t built rapport. Working remotely makes this even more likely to occur, whether they are attribution errors, or we put more emphasis on face-to-face experiences over virtual ones when assessing colleagues’ performance, or when valuing our own cultural norms over others’.

So what can be done to mitigate these all-too-common pitfalls? Here are some of the ideas we like the most:

- Spend time getting to know each other as people.
- Spend time socializing virtually – a remote team of engineers at a Silicon Valley high tech company used to listen to music live-streaming from a bar together.
- Find ways to make each teammate’s expertise and activities visible/known to their teammates, and encourage asking for/offering to help when needed.
- Hold teammates accountable – this will build trust and improve the outcomes of coordination.
- Make information easily available to each other.
- Be aware of what gets lost in computer-mediated communication and overcompensate.

Trust is the foundation of everything and isn’t something that just happens. People have to consciously work to develop and maintain it, particularly when there are fewer opportunities for people to develop it through physical presence.

Ideally, the organization’s culture and values emphasizes and nurtures trust. There are also smart “best practices” that can reduce negative effects: align the managers’ leadership style with type of work the team needs to perform, and apply consistent and adhered-to management practices such as establishing and sticking with clear communication rules (frequency, response time, feedback, explicit-ness), setting deadlines, coaching for accountability, and goal-setting – all of which tend to have a positive effect on the performance of virtual teams. ■



Karen Plum is the Director of Research & Development at **Advanced Workplace Associates**, a multi-disciplined and independent management consultancy that helps large organizations to get the most from their workplace investments, practices and management. Founded in 1992, AWA has delivered technologically and behaviorally-complex projects to transform work, the workplace and workplace management for large and politically involved organizations. Our clients include Morgan Stanley, EY, Willis, AXA, Royal Bank of Scotland, Mintel, Asda, the Home Office, The UK Border Agency, and LloydsTSB. Learn more at advanced-workplace.com.

Karen is a workplace cultural change specialist, and facilitates the implementation of change strategies associated with the introduction of flexible and agile ways of working. Karen also led the first two research programs on Productivity and Virtual Workforces and will direct additional research projects planned through 2016.

About CEBMa

CEBMa provides support and resources to managers, consultants, teachers, academics and others interested in learning more about evidence-based management. CEBMa is supported by several leading universities, including Carnegie Mellon, Stanford, New York University, University of Toronto, University of Bath, and the Free University of Amsterdam.

Jan Johnson is the Vice President of Design and Workplace Resources at **Allsteel**, a US-based office furniture provider. Allsteel works to demystify the office planning process by helping customers align their workplace strategy with their business strategy. With an extraordinarily accessible team of partners and a highly adaptable portfolio of furniture and architectural walls, Allsteel addresses customers' needs across the entire workplace – today and tomorrow.

Jan has spent her career strengthening the correlations between business strategies and the planning, design and management of workplaces. She is a highly respected workplace strategist; leads Allsteel's Workplace Advisory team; and frequently writes, speaks, and teaches.

Workplace Advisory at Allsteel

The Workplace Advisory team listens. And we apply research and our extensive workplace experiences and insights to assist organizations develop and implement a situationally appropriate workplace strategy: one that aligns with their organizational culture and business goals, supports their workers' ability to work effectively, utilizes their real estate assets as efficiently as possible, and is highly adaptable to changing business and work practice requirements.

INSIGHT from Allsteel

The INSIGHT mark identifies material – papers, presentations, courses – created specifically by the Workplace Advisory team to share our workplace strategy knowledge and perspective. Additional INSIGHT material may be found at allsteeloffice.com.

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